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While raising these claims and arguing based on potential future claims against Nokia India Private Limited and the parent company Nokia Corporation, Indian authorities have also placed liens on Nokia India Private Limited's and Nokia Corporation's assets in India. These liens have prevented Nokia from transferring the Chennai factory and selected other Indian assets to Microsoft in connection with the closing of the Sale of the D&S Business.

In addition, Indian authorities have ordered a special audit on Nokia India Private Limited, while seeking to finalize the ongoing tax investigations.

To date, Nokia has been served with final assessment orders on the underlying withholding tax case in 2013, and the company has appealed on this case to the Income Tax Tribunal in Delhi. Other related assessment proceeding mentioned above are pending. While taking necessary actions to defends its rights vigorously under Indian and International laws, Nokia is extending its full cooperation with the income tax authorities and special auditors to finalize the pending assessment proceedings in due course.

Intellectual Property Rights Litigation

HTC

In 2012, Nokia commenced patent infringement proceedings against HTC in relation to 21 non-essential patents in Germany in the District Courts of Mannheim, Munich and Düsseldorf, in relation to nine non-essential patents in the ITC in Washington DC, and 18 non-essential patents in the United States District Court for the District of Delaware.

In response, HTC filed nullity actions with the Federal Patent Court in Munich, commenced revocation proceedings against 18 of Nokia's non-essential patents in the UK High Court, and filed an action for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and against Nokia Oyj in the District Court of Munich in 2012. S3 Graphics Co. Ltd, a subsidiary of HTC, also filed actions for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and Nokia Oyj in the District Court of Dusseldorf. HTC commenced, then later withdrew, an arbitration in the UK claiming that some of the patents asserted by Nokia against HTC were licensed under an essential patent licence.

Subsequently, Nokia filed further infringement actions in respect of HTC's UK revocation actions, brought further infringement proceedings against HTC in relation to nine non-essential patents in the District Courts of Mannheim, Munich and Dusseldorf, three non-essential patents in the Court of Paris, France, two non-essential patents in the Regional Court of the Hague, the Netherlands, two non-essential patents in the Court of Rome, Italy and four non-essential patents in the Tokyo District Court, Japan. Nokia also commenced patent infringement proceedings against HTC in respect of seven non-essential patents in the ITC in Washington DC, and ten non-essential patents in the United States District Court for the Southern District of California.

Nokia was awarded injunctions against HTC in respect of a power control patent and patent enabling modern mobile devices to work in older networks by the District Court of Mannheim, a USB functionality patent and a patent enabling the transfer of network resource information between mobile devices by the District Court of Munich. The UK High Court found that Nokia's patent relating to a modulator structure was valid and infringed by HTC in October 2013. In its initial determination in September 2013, the ITC found that HTC had violated two patents which cover improvements to radio receivers and transmitters. The Tokyo District Court gave a judgment in default against HTC in respect of a calendar display patent. The first two of S3 and HTC's actions were dismissed by the District Court of Mannheim.

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On February 7, 2014, the parties settled all pending patent litigation between them, and entered into a patent and technology collaboration agreement. HTC will make payments to Nokia and the collaboration will involve HTC's LTE patent portfolio. The full terms of the agreement are confidential.

Samsung

During August and September 2013, Nokia and Samsung agreed to extend their existing patent license agreement for five years from December 31, 2013. According to the agreement, Samsung will pay additional compensation to Nokia for the period commencing from January 1, 2014 onwards, and the amount of this compensation will be finally settled in a binding arbitration. The parties have commenced arbitration and expect to have a final resolution in 2015.

ERISA & Securities Litigation

On April 19, 2010 and April 21, 2010, two individuals filed separate putative class action lawsuits against Nokia Inc. and the directors and officers of Nokia Inc., and certain other employees and representatives of the company, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 1, 2008 and the present and whose accounts included investments in Nokia stock. The plaintiffs allege that the defendants failed to comply with their statutory and fiduciary duties when they failed to remove Nokia stock as a plan investment option. The cases were consolidated into Majad v. Nokia and an amended consolidated complaint was filed on September 15, 2010. The amended complaint alleges that the named individuals knew of the matters alleged in the securities case referenced above, that the matters significantly increased the risk of Nokia stock ownership, and as a result of that knowledge, the named defendants should have removed Nokia stock as a Plan investment option. The plaintiff's claims were dismissed in their entirety on September 5, 2011. On September 13, 2012, the Court denied Plaintiffs' motion for leave to amend their complaint a second time and entered judgment in favor of Nokia. On October 23, 2012, the plaintiffs filed an appeal of the District Court's order granting judgment in favor of Nokia. On June 21, 2013, the Second Circuit upheld the earlier decision of the US District Court for the Southern District of New York from September 13, 2012, to dismiss all claims made in the ERISA claim filed against defendants including Nokia Inc. and the Nokia Inc. Retirement Plan by Javad Majad and Ryan Sharif. The Plaintiff had until September 23, 2013, to appeal the Second Circuit decision by filing a cert petition to the US Supreme Court. The Plaintiff did not appeal and the case is closed.

On September 19, 2012, a class action based on the US Employee Retirement Income Security Act ("ERISA") entitled Romero v. Nokia was filed in the United States District Court for the Southern District of New York. The complaint named Nokia Corporation, certain Nokia Corporation Board members, Fidelity Management Trust Co., The Nokia Retirement Savings & Investment Plan Committee and Linda Fonteneaux, as well as certain individuals from the Nokia Retirement Savings & Investment Plan Committee whose identity is not known to the plaintiffs as defendants. The complaint claimed to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012 and the present and whose accounts invested in the Nokia Stock Fund ("the Fund"). The complaint alleged that the named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. Plaintiff was provided plan documents and informed that it had incorrectly identified the proper defendants in its complaint. On December 10, 2012, Plaintiff filed a motion to dismiss the complaint against all defendants, without prejudice and indicated it would refile in California where the Nokia Retirement Savings and Investment Plan is currently administered.

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Romero filed a new complaint on December 10, 2012, in the United States District Court for the Northern District of California, naming as defendants Nokia Inc., the Nokia Retirement Savings and Investment Plan Committee, and several individuals alleged to be plan fiduciaries, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012, and the present and whose accounts invested in the Nokia Stock Fund (the "Fund"). The complaint alleges that named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. On May 15, 2013, Nokia and the Named Defendants filed a motion to dismiss all claims against the defendants and are awaiting the Court's decision. On October 15, 2013, the court granted Nokia and the Named Defendants motion to dismiss all claims with prejudice. Plaintiff did not appeal and this matter is closed.

Antitrust Litigation

LCD and CRT Cartel claims

In November 2009, Nokia Corporation filed two lawsuits, one in the United Kingdom's High Court of Justice and the other in the United States District Court for the Northern District of California, joined by Nokia Inc., against certain manufacturers of liquid crystal displays ("LCDs"). Both suits concerned the same underlying allegations: namely, that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of LCDs, among other anticompetitive conduct, from approximately January 1996 to December 2006 (the "Cartel Period"). Defendants Sharp Corporation, LG Display Co. Ltd., Chunghwa Picture Tubes, Ltd., Hitachi Displays Ltd. and Epson Imaging Devices Corporation, as well as non-defendant Chi Mei Optoelectronics, and Hannstar Display Corporation, have pleaded guilty in the United States to participating in a conspiracy to fix certain LCD prices and have agreed to pay fines totaling approximately USD 900 million. Further, the United States Department of Justice has indicted AU Optronics Corporation and its American subsidiary, AU Optronics Corporation America, for participation in the conspiracy to fix the prices of TFT-LCD panels sold worldwide from September 14, 2001 to December 1, 2006.

Also in November 2009, Nokia Corporation filed a lawsuit in the United Kingdom's High Court of Justice against certain manufacturers of cathode rays tubes ("CRTs"). In this lawsuit, Nokia alleges that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of CRTs, among other anticompetitive conduct, from no later than March 1995 to around November 2007.

All of the defendants have now settled Nokia's claims against them on confidential terms.

Certain litigation that has been included in this section of our annual report on Form 20-F in the previous year have transferred to Microsoft at the closing of the Sale of the D&S Business and accordingly no information on those cases is included here.

We are also party to other routine litigation, as well as indemnity claims involving customers or suppliers, which are incidental to the normal conduct of our business. Based upon the information currently available, our management does not believe that liabilities related to those proceedings are likely to be material to our financial condition or results of operations.

8A8. Dividend Policy

See Item 3A. "Selected Financial Data—Distribution of Earnings" for a discussion of our dividend policy.

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8B. Significant Changes

No significant changes have occurred since the date of our consolidated financial statements included in this annual report. See Item 5A. "Operating Results—Principal Factors and Trends Affecting our Results of Operations" for information on material trends affecting our business and results of operations.

ITEM 9. THE OFFER AND LISTING

9A. Offer and Listing Details

Our capital consists of shares traded on NASDAQ OMX Helsinki under the symbol "NOK1V". American Depositary Shares, or ADSs, each representing one of our shares, are traded on the New York Stock Exchange under the symbol "NOK". The ADSs are evidenced by American Depositary Receipts, or ADRs, issued by Citibank, N.A., as the Depositary under the Amended and Restated Deposit Agreement dated as of March 28, 2000 (as amended), among Nokia, Citibank, N.A. and registered holders from time to time of ADRs.

The table below sets forth, for the periods indicated, the reported high and low quoted prices for our shares on NASDAQ OMX Helsinki and the high and low quoted prices for the shares, in the form of ADSs, on the New York Stock Exchange.

	NASDAQ OMX Helsinki Price per share		New York Stock Exchange Price per ADS	
	High	Low	High	Low
	(EUR)		(USD)	
2009	12.25	6.67	16.58	8.47
2010	11.82	6.59	15.89	8.00
2011	8.49	3.33	11.75	4.46
2012				
First Quarter	4.46	3.75	5.87	4.90
Second Quarter	4.11	1.60	5.52	2.04
Third Quarter	2.79	1.33	3.39	1.63
Fourth Quarter	3.31	1.92	4.35	2.52
Full Year	4.46	1.33	5.87	1.63
2013				
First Quarter	3.64	2.45	4.90	3.19
Second Quarter	3.01	2.30	4.12	3.02
Third Quarter	5.10	2.88	6.78	3.81
Fourth Quarter	6.03	4.64	8.18	6.22
Full Year	6.03	2.30	8.18	3.02
Most recent six months				
October 2013	5.70	4.64	7.77	6.22
November 2013	6.03	5.54	8.18	7.42
December 2013	5.99	5.35	8.18	7.31
January 2014	6.00	5.07	8.18	6.86
February 2014	5.62	5.00	7.69	6.66
March 2014	5.69	5.18	7.95	7.17

9B. Plan of Distribution

Not applicable.

9C. Markets

The principal trading markets for the shares are the New York Stock Exchange, in the form of ADSs, and NASDAQ OMX Helsinki, in the form of shares.

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9D. Selling Shareholders

Not applicable.

9E. Dilution

Not applicable.

9F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10A. Share Capital

Not applicable.

10B. Memorandum and Articles of Association

Registration

Nokia is organized under the laws of the Republic of Finland and registered under the business identity code 0112038-9. Under our current Articles of Association, Nokia's corporate purpose is to engage in the telecommunications industry and other sectors of the electronics industry as well as the related service businesses, including the development, manufacture, marketing and sales of mobile devices, other electronic products and telecommunications systems and equipment as well as related mobile, Internet and network infrastructure services and other consumer and enterprise services. Nokia may also create, acquire and license intellectual property and software as well as engage in other industrial and commercial operations. Further, we may engage in securities trading and other investment activities.

Director's Voting Powers

Under Finnish law and our Articles of Association, resolutions of the Board of Directors shall be made by a majority vote. A director shall refrain from taking any part in the consideration of a contract between the director and the company or third party, or any other issue that may provide any material benefit to him, which may be contradictory to the interests of the company. Under Finnish law, there is no age limit requirement for directors, and there are no requirements under Finnish law that a director must own a minimum number of shares in order to qualify to act as a director. However, our Board has established a guideline retirement age of 70 years for the members of the Board of Directors and the Corporate Governance and Nomination Committee will not without specific reason propose re-election of a person who has reached 70 years of age. In addition, in accordance with company policy, approximately 40% of the annual remuneration payable to the Board members has been paid in Nokia shares purchased from the market, which shares shall be retained until the end of the board membership (except for those shares needed to offset any costs relating to the acquisition of the shares, including taxes).

Share Rights, Preferences and Restrictions

Each share confers the right to one vote at general meetings. According to Finnish law, a company generally must hold an Annual General Meeting called by the Board within six months from the end of the fiscal year. In addition, the Board is obliged to call an extraordinary general meeting at the request of the auditor or shareholders representing a minimum of one-tenth of all outstanding shares. Under our Articles of Association, the members of the board are elected for a term beginning at the Annual General Meeting where elected and expiring at the end of the next Annual General Meeting.

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Under Finnish law, shareholders may attend and vote at general meetings in person or by proxy. It is not customary in Finland for a company to issue forms of proxy to its shareholders. Accordingly, Nokia does not do so. However, registered holders and beneficial owners of ADSs are issued forms of proxy by the Depositary.

To attend and vote at a general meeting, a shareholder must be registered in the register of shareholders in the Finnish book-entry system on or prior to the record date set forth in the notice of the Annual General Meeting. A registered holder or a beneficial owner of the ADSs, like other beneficial owners whose shares are registered in the company's register of shareholders in the name of a nominee, may vote with his shares provided that he arranges to have his name entered in the temporary register of shareholders for the Annual General Meeting.

The record date is the eighth business day preceding the meeting. To be entered in the temporary register of shareholders for the Annual General Meeting, a holder of ADSs must provide the Depositary, or have his broker or other custodian provide the Depositary, on or before the voting deadline, as defined in the proxy material issued by the Depositary, a proxy with the following information: the name, address, and social security number or another corresponding personal identification number of the holder of the ADSs, the number of shares to be voted by the holder of the ADSs and the voting instructions. The register of shareholders as of the record date of each general meeting is public until the end of the respective meeting. Other nominee registered shareholders can attend and vote at the Annual General Meeting by instructing their broker or other custodian to register the shareholder in Nokia's temporary register of shareholders and give the voting instructions in accordance with the broker's or custodian's instructions.

By completing and returning the form of proxy provided by the Depositary, a holder of ADSs also authorizes the Depositary to give a notice to us, required by our Articles of Association, of the holder's intention to attend the general meeting.

Each of our shares confers equal rights to share in the distribution of the company's funds. For a description of dividend rights attaching to our shares, see Item 3A. "Selected Financial Data—Distribution of Earnings". Dividend entitlement lapses after three years if a dividend remains unclaimed for that period, in which case the unclaimed dividend will be retained by Nokia.

Under Finnish law, the rights of shareholders related to shares are as stated by law and in our Articles of Association. Amendment of the Articles of Association requires a decision of the general meeting, supported by two-thirds of the votes cast and two-thirds of the shares represented at the meeting.

Disclosure of Shareholder Ownership or Voting Power

According to the Finnish Securities Market Act (746/2012), which entered into force on January 1, 2013, a shareholder shall disclose its ownership or voting power to the company and the Finnish Financial Supervisory Authority when the ownership or voting power reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50 or 90 per cent of all the shares or the voting rights outstanding. The term "ownership" includes ownership by the shareholder, as well as selected related parties and calculating the ownership or voting power covers agreements or other arrangements, which when concluded would cause the proportion of voting rights or number of shares to reach, exceed or fall below the above mentioned limits. Upon receiving such notice, the company shall disclose it by a stock exchange release without undue delay.

Purchase Obligation

Our Articles of Association require a shareholder that holds one-third or one-half of all of our shares to purchase the shares of all other shareholders that so request, at a price generally based on the

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historical weighted average trading price of the shares. A shareholder who becomes subject to the purchase obligation is also obligated to purchase any subscription rights, stock options or convertible bonds issued by the company if so requested by the holder. The purchase price of the shares under our Articles of Association is the higher of (a) the weighted average trading price of the shares on NASDAQ OMX Helsinki during the 10 business days prior to the day on which we have been notified by the purchaser that its holding has reached or exceeded the threshold referred to above or, in the absence of such notification or its failure to arrive within the specified period, the day on which our Board of Directors otherwise becomes aware of this; or (b) the average price, weighted by the number of shares, which the purchaser has paid for the shares it has acquired during the last 12 months preceding the date referred to in (a).

Under the Finnish Securities Market Act, a shareholder whose voting power exceeds 30 or 50 per cent of the total voting rights in a company shall, within one month, offer to purchase the remaining shares of the company, as well as any other rights entitling to the shares issued by the company, such as subscription rights, convertible bonds or stock options issued by the company. The purchase price shall be the market price of the securities in question. The market price is determined on the basis of the highest price paid for the security during the preceding six months by the shareholder or any party in close connection to the shareholder. This price can be deviated from for a specific reason. If the shareholder or any related party has not during the six months preceding the offer acquired any securities that are the target for the offer, the market price is determined based on the average of the prices paid for the security in public trading during the preceding three months weighted by the volume of trade. This price can be deviated from for a specific reason.

Under the Finnish Companies Act (2006/624), as amended, a shareholder whose holding exceeds nine-tenths of the total number of shares or voting rights in Nokia has both the right and, upon a request from the minority shareholders, the obligation to purchase all the shares of the minority shareholders for the current market price. The market price is determined, among other things, on the basis of the recent market price of the shares. The purchase procedure under the Companies Act differs, and the purchase price may differ, from the purchase procedure and price under the Securities Market Act, as discussed above. However, if the threshold of nine-tenths has been exceeded through either a mandatory or a voluntary public offer pursuant to the Securities Market Act, the market price under the Companies Act is deemed to be the price offered in the public offer, unless there are specific reasons to deviate from it.

Pre-Emptive Rights

In connection with any offering of shares, the existing shareholders have a pre-emptive right to subscribe for shares offered in proportion to the amount of shares in their possession. However, a general meeting of shareholders may vote, by a majority of two-thirds of the votes cast and two-thirds of the shares represented at the meeting, to waive this pre-emptive right provided that, from the company's perspective, weighty financial grounds exist.

Under the Finnish Act on the Monitoring of Foreign Corporate Acquisitions (2012/172), a notification to the Ministry of Employment and the Economy is required for a non-resident of Finland, directly or indirectly, when acquiring one-tenth or more of the voting power or corresponding factual influence in a company. The Ministry of Employment and the Economy has to confirm the acquisition unless the acquisition would jeopardize important national interests, in which case the matter is referred to the Council of State. If the company in question is operating in the defense sector an approval by the Ministry of Employment and the Economy is required before the acquisition is made. These requirements are not applicable if, for instance, the voting power is acquired in a share issue that is proportional to the holder's ownership of the shares. Moreover, the requirements do not apply to residents of countries in the European Economic Area or EFTA countries.

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10C. Material Contracts

More details on the below transactions can be found in Item 4A. "History and Development of the Company—Organizational Structure and Reportable Segments".

Acquisition of Siemens' Stake in NSN

Nokia announced on July 1, 2013 that it had entered into an agreement to acquire Siemens' in the companies' joint venture Nokia Siemens Networks, pursuant to the Share Purchase Agreement by and among Siemens AG, Siemens International Holding B.V., Nokia Finance International B.V. and Nokia Corporation dated July 1, 2013. The transaction closed on August 7, 2013, at which time NSN became a wholly owned subsidiary of Nokia.

Sale of the D&S Business to Microsoft

On September 3, 2013, Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia would sell to Microsoft substantially all of its Devices & Services business, including the Mobile Phones and Smart Devices business units as well as an industry-leading design team, operations including all Nokia Devices & Services production facilities, Devices & Services-related sales and marketing activities, and related support functions, pursuant to Stock and Asset Purchase Agreement by and between Nokia Corporation and Microsoft International Holdings B.V. dated September 2, 2013. The transaction closed on April 25, 2014.

10D. Exchange Controls

There are currently no Finnish laws which may affect the import or export of capital, or the remittance of dividends, interest or other payments.

10E. Taxation

General

The taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax effects relevant to ownership of our shares represented by ADSs.

The statements of US and Finnish tax laws set out below are based on the laws in force as of the date of this annual report and may be subject to any changes in US or Finnish law, and in any double taxation convention or treaty between the United States and Finland, occurring after that date, possibly with retroactive effect.

For purposes of this summary, beneficial owners of ADSs that hold the ADSs as capital assets and that are considered residents of the United States for purposes of the current income tax convention between the United States and Finland, signed September 21, 1989 (as amended by a protocol signed May 31, 2006), referred to as the Treaty, and that are entitled to the benefits of the Treaty under the "Limitation on Benefits" provisions contained in the Treaty, are referred to as US Holders. Beneficial owners that are citizens or residents of the United States, corporations created in or organized under US law, and estates or trusts (to the extent their income is subject to US tax either directly or in the hands of beneficiaries) generally will be considered to be residents of the United States under the Treaty. Special rules apply to US Holders that are also residents of Finland and to citizens or residents of the United States that do not maintain a substantial presence, permanent home or habitual abode in the United States. For purposes of this discussion, it is assumed that the Depositary and its custodian will perform all actions as required by the deposit agreement with the Depositary and other related agreements between the Depositary and Nokia.

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If a partnership holds ADSs (including for this purpose any entity or arrangement treated as a partnership for US federal income tax purposes), the tax treatment of a partner will depend upon the status of the partner and activities of the partnership. If a US Holder is a partnership or a partner in a partnership that holds ADSs, the holder is urged to consult its own tax advisor regarding the specific tax consequences of owning and disposing of its ADSs.

Because this summary is not exhaustive of all possible tax considerations—such as situations involving financial institutions, banks, tax-exempt entities, pension funds, US expatriates, real estate investment trusts, persons that are dealers in securities, persons who own (directly, indirectly or by attribution) 10% or more of the share capital or voting stock of Nokia, persons who acquired their ADSs pursuant to the exercise of employee stock options or otherwise as compensation, or US Holders whose functional currency is not the US dollar, who may be subject to special rules that are not discussed herein—holders of shares or ADSs that are US Holders are advised to satisfy themselves as to the overall US federal, state and local tax consequences, as well as to the overall Finnish and other applicable non-US tax consequences, of their ownership of ADSs and the underlying shares by consulting their own tax advisors. This summary does not discuss the treatment of ADSs that are held in connection with a permanent establishment or fixed base in Finland, and it does not address the US Medicare tax on certain investment income.

For the purposes of both the Treaty and the US Internal Revenue Code of 1986, as amended, referred to as the Code, US Holders of ADSs will be treated as the owners of the underlying shares that are represented by those ADSs. Accordingly, the following discussion, except where otherwise expressly noted, applies equally to US Holders of ADSs, on the one hand, and of shares, on the other.

The holders of ADSs will, for Finnish tax purposes, be treated as the owners of the shares that are represented by the ADSs. The Finnish tax consequences to the holders of shares, as discussed below, also apply to the holders of ADSs.

US and Finnish Taxation of Cash Dividends

For US federal income tax purposes, the gross amount of dividends paid to US Holders of shares or ADSs, including any related Finnish withholding tax, generally will be included in gross income as foreign source dividend income. We do not expect to maintain calculations of our earnings and profits under US federal income tax principles; therefore, US Holders should expect that the entire amount of any distribution generally will be reported as dividend income. Dividends will not be eligible for the dividends received deduction allowed to corporations under Section 243 of the Code. The amount includible in income (including any Finnish withholding tax) will equal the US dollar value of the payment, determined at the time such payment is received by the Depositary (in the case of ADSs) or by the US Holder (in the case of shares), regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange rate fluctuations during the period between the time such payment is received and the date the dividend payment is converted into US dollars will be treated as US source ordinary income or loss to a US Holder.

Special rules govern and specific elections are available to accrual method taxpayers to determine the US dollar amount includible in income in the case of a dividend paid (and taxes withheld) in foreign currency. Accrual basis taxpayers are urged to consult their own tax advisors regarding the requirements and elections applicable in this regard.

Under the Finnish Income Tax Act and Act on Taxation of Non-residents' Income, non-residents of Finland are generally subject to a withholding tax at a rate of 30% payable on dividends paid by a Finnish resident company. However, pursuant to the Treaty, dividends paid to US Holders generally will be subject to Finnish withholding tax at a reduced rate of 15% of the gross amount of the dividend.

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Qualifying pension funds are, however, pursuant to the Treaty exempt from Finnish withholding tax. See also "Finnish Withholding Taxes on Nominee Registered Shares" below.

Subject to conditions and limitations, Finnish income taxes withheld will be treated as foreign taxes eligible for credit against a US Holder's US federal income tax liability. Dividends received generally will constitute foreign source "passive category income" for foreign tax credit purposes. In lieu of a credit, a US Holder may elect to deduct all of its foreign taxes provided the deduction is claimed for all of the foreign taxes paid by the US Holder in a particular year. A deduction does not reduce US tax on a dollar-for-dollar basis like a tax credit. The deduction, however, is not subject to the limitations applicable to foreign tax credits.

Provided that certain holding period and other requirements are met, certain US Holders (including individuals and some trusts and estates) are eligible for reduced rates of US federal income tax at a maximum rate of 20% in respect of "qualified dividend income" received in taxable years beginning after December 31, 2012. Dividends that Nokia pays with respect to its shares and ADSs generally will be qualified dividend income if Nokia was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (a "PFIC"). Nokia currently believes that dividends paid with respect to its shares and ADSs will constitute qualified dividend income for US federal income tax purposes, however, this is a factual matter and is subject to change. Nokia anticipates that its dividends will be reported as qualified dividends on Forms 1099-DIV delivered to US Holders. US Holders of shares or ADSs are urged to consult their own tax advisors regarding the availability to them of the reduced dividend tax rate in light of their own particular situation and the computations of their foreign tax credit limitation with respect to any qualified dividends paid to them, as applicable.

We believe that we should not be classified as a PFIC for US federal income tax purposes for the taxable year ended December 31, 2013, and we do not expect to become a PFIC in the foreseeable future. US Holders are advised, however, that this conclusion is a factual determination that must be made annually and thus may be subject to change. If we were to be classified as a PFIC, the tax on distributions on our shares or ADSs and on any gains realized upon the disposition of our shares or ADSs generally would be less favorable than as described herein. Dividends paid by a PFIC are not "qualified dividend income" and are not eligible for reduced rates of taxation. In addition, US persons that are shareholders in a PFIC generally will be required to file an annual report disclosing the ownership of such shares and certain other information as yet to be determined. US Holders should consult their own tax advisors regarding the application of the PFIC rules (including the new reporting requirements) to their ownership of our shares or ADSs.

The US Treasury has expressed concern that parties to whom ADSs are released may be taking actions inconsistent with the claiming of foreign tax credits or reduced rates in respect of qualified dividends by US Holders of ADSs. Accordingly, the analysis of the creditability of Finnish withholding taxes or the availability of qualified dividend treatment could be affected by future actions that may be taken by the US Treasury with respect to ADSs.

Finnish Withholding Taxes on Nominee Registered Shares

Generally, for US Holders, the reduced 15% withholding tax rate of the Treaty (instead of 30%) is applicable to dividends paid to nominee-registered shares only when the conditions of the provisions applied to dividends are met (Section 10b of the Finnish Act on Taxation of Non-residents' Income).

According to the provisions, the Finnish account operator and a foreign custodian are required to have a custody agreement, according to which the custodian undertakes to (a) declare the country of residence of the beneficial owner of the dividend, (b) confirm the applicability of the Treaty to the

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dividend, (c) inform the account operator of any changes to the country of residence or the applicability of the Treaty, and (d) provide the legal identification and address of the beneficial owner of the dividend and a certificate of residence issued by the local tax authorities upon request. It is further required that the foreign custodian is domiciled in a country with which Finland has entered into a treaty for the avoidance of double taxation and that the custodian is entered into the register of foreign custodians maintained by the Finnish tax authorities.

In general, if based on an applicable treaty for the avoidance of double taxation the withholding tax rate for dividends is 15% or higher, the treaty rate may be applied when the above-described conditions of the new provisions are met (Section 10b of the Finnish Act on Taxation of Non-residents' Income). A lower rate than 15% may be applied based on the applicable treaty for the avoidance of double taxation only when the following information on the beneficial owner of the dividend is provided to the payer prior to the dividend payment: name, date of birth or business ID (if applicable) and address in the country of residence.

US and Finnish Tax on Sale or Other Disposition

A US Holder generally will recognize taxable capital gain or loss on the sale or other disposition of ADSs in an amount equal to the difference between the US dollar value of the amount realized and the adjusted tax basis (determined in US dollars) in the ADSs. If the ADSs are held as a capital asset, this gain or loss generally will be long-term capital gain or loss if, at the time of the sale, the ADSs have been held for more than one year. Any capital gain or loss, for foreign tax credit purposes, generally will constitute US source gain or loss. In the case of a US Holder that is an individual, long-term capital gain generally is subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations.

The deposit or withdrawal by a US Holder of shares in exchange for ADSs or of ADSs for shares under the deposit agreement generally will not be subject to US federal income tax or Finnish income tax.

The sale by a US Holder of the ADSs or the underlying shares, other than an individual that, by reason of his residence in Finland for a period exceeding six months, is or becomes liable for Finnish income tax according to the relevant provisions of Finnish tax law, generally will not be subject to income tax in Finland, in accordance with Finnish tax law and the Treaty.

Finnish Capital Taxes

The Finnish capital tax regime was abolished in the beginning of 2006.

Finnish Transfer Tax

Transfers of shares and ADSs could be subject to the Finnish transfer tax only when one of the parties to the transfer is subject to Finnish taxation under the Finnish Income Tax Act by virtue of being a resident of Finland or a Finnish branch of a non-Finnish credit institution. In accordance with the amendments in the Finnish Transfer Tax Act (applicable as of November 9, 2007) no transfer tax is payable on the transfer of shares or ADSs (irrespective of whether the transfer is carried out on a stock exchange or not). However, there are certain conditions for the exemption. Prior to the said amendments, transfer tax was not payable on stock exchange transfers. In cases where the transfer tax would be payable, the transfer tax would be 1.6% of the transfer value of the security traded.

Finnish Inheritance and Gift Taxes

A transfer of an underlying share by gift or by reason of the death of a US Holder and the transfer of an ADS are not subject to Finnish gift or inheritance tax provided that none of the deceased person, the donor, the beneficiary of the deceased person or the recipient of the gift is resident in Finland.

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Non-Residents of the United States

Beneficial owners of ADSs that are not US Holders will not be subject to US federal income tax on dividends received with respect to ADSs unless such dividend income is effectively connected with the conduct of a trade or business within the United States. Similarly, non-US Holders generally will not be subject to US federal income tax on any gain realized on the sale or other disposition of ADSs, unless (a) the gain is effectively connected with the conduct of a trade or business in the United States or (b) in the case of an individual, that individual is present in the United States for 183 days or more in the taxable year of the disposition and other conditions are met.

US Information Reporting and Backup Withholding

Dividend payments with respect to shares or ADSs and proceeds from the sale or other disposition of shares or ADSs may be subject to information reporting to the Internal Revenue Service and possible US backup withholding. Backup withholding will not apply to a holder if the holder furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification in connection therewith or if it is a recipient otherwise exempt from backup withholding (such as a corporation). Any US person required to establish its exempt status generally must furnish a duly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Non-US holders generally are not subject to US information reporting or backup withholding. However, such holders may be required to provide certification of non-US status (generally on IRS Form W-8BEN) in connection with payments received in the United States or through certain US-related financial intermediaries. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's US federal income tax liability, and the holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

10F. Dividends and Paying Agents

Not applicable.

10G. Statement by Experts

Not applicable.

10H. Documents on Display

The documents referred to in this annual report can be read at the Securities and Exchange Commission's public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549.

10I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 35 to our consolidated financial statements included in Item 18 of this annual report for information on market risk.

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12D. American Depositary Shares

12D.3 Depositary Fees and Charges

Our American Depositary Shares, or ADSs, each representing one of our shares, are traded on the New York Stock Exchange under the symbol "NOK". The ADSs are evidenced by American Depositary Receipts, or ADRs, issued by Citibank, N.A., as Depositary under the Amended and Restated Deposit Agreement dated as of March 28, 2000, among Nokia, Citibank, N.A. and registered holders from time to time of ADRs, as amended on February 6, 2008. ADS holders may have to pay the following service fees to the Depositary:

Service	Fees (USD)
Issuance of ADSs	Up to 5 cents per ADS(1)
Cancellation of ADSs	Up to 5 cents per ADS(1)
Distribution of cash dividends or other cash distributions	Up to 2 cents per ADS(2)
Distribution of ADSs pursuant to (i) stock dividends, free stock distributions or (ii) exercises of rights to purchase additional ADSs	Up to 5 cents per ADS(2)
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to 5 cents per ADS(1)
ADR transfer fee	USD 1.50 per transfer(1)

(1) These fees are typically paid to the Depositary by the brokers on behalf of their clients receiving the newly issued ADSs from the Depositary and by the brokers on behalf of their clients delivering the ADSs to the Depositary for cancellation. The brokers in turn charge these transaction fees to their clients.

(2) In practice, the Depositary has not collected these fees. If collected, such fees are offset against the related distribution made to the ADR holder.

In addition, ADS holders are responsible for certain fees and expenses incurred by the Depositary on their behalf and certain governmental charges such as taxes and registration fees, transmission and delivery expenses, conversion of foreign currency and fees relating to compliance with exchange control regulations. The fees and charges may vary over time.

In the event of refusal to pay the depositary fees, the Depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set-off the amount of the depositary fees from any distribution to be made to the ADR holder.

12D.4 Depositary Payments for 2012

For the year ended December 31, 2013, our Depositary made the following payments on our behalf in relation to our ADR program.

Category	Payment (USD)
Settlement infrastructure fees (including the Depositary Trust Company fees)	35 309
Proxy process expenses (including printing, postage and distribution)	1 241 585
ADS holder identification expenses	103 540
Legal fees	4 800
NYSE Listing fees	500 000
Total	1 885 234

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In addition, for the year ended December 31, 2013, our Depositary has agreed to reimburse us USD 2 658 529 mainly for contributions towards our investor relations activities, including investor meetings and conferences and fees of investor relations service vendors, and other miscellaneous expenses related to the US listing of our ADSs.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures.* Our Chairman and interim Chief Executive Officer and our Chief Financial Officer and interim President, after evaluating the effectiveness of our disclosure controls and procedures (as defined in US Exchange Act Rule 13a-15(e)) as of the end of the period covered by this annual report, have concluded that, as of such date, our disclosure controls and procedures were effective.

(b) *Management's Annual Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Our internal control over financial reporting is designed to provide reasonable assurance to our management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may decline.

Management evaluated the effectiveness of our internal control over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, framework (1992 version). Based on this evaluation, management has assessed the effectiveness of Nokia's internal control over financial reporting, as at December 31, 2013, and concluded that such internal control over financial reporting is effective.

PricewaterhouseCoopers Oy, which has audited our consolidated financial statements for the year ended December 31, 2013, has issued an attestation report on the effectiveness of the company's internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board (United States of America).

(c) *Attestation Report of the Registered Public Accounting Firm.* See the Auditors' report on page F-1.

(d) *Changes in Internal Control Over Financial Reporting.* There were no changes in Nokia's internal control over financial reporting that occurred during the year ended December 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Group's internal control over financial reporting during 2013.

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ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Directors has determined that all of the members of the Audit Committee, including its Chairman, Jouko Karvinen, are "audit committee financial experts" as defined in Item 16A of Form 20-F. Mr. Karvinen and each of the other members of the Audit Committee is an "independent director" as defined in Section 303A.02 of the New York Stock Exchange's Listed Company Manual.

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics that applies to our Chief Executive Officer, President, Chief Financial Officer and Corporate Controller. This code of ethics is available on our website through, *www.company.nokia.com*.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Auditor Fees and Services

PricewaterhouseCoopers Oy has served as our independent auditor for each of the fiscal years in the three-year period ended December 31, 2013. The independent auditor is elected annually by our shareholders at the Annual General Meeting for the fiscal year in question. The Audit Committee of the Board of Directors makes a proposal to the shareholders in respect of the appointment of the auditor based upon its evaluation of the qualifications and independence of the auditor to be proposed for election or re-election on an annual basis.

The following table sets forth the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers to Nokia in 2013 and 2012 in total, with a separate presentation of those fees related to Nokia and NSN.

	2013			2012		
	Nokia	NSN	Total	Nokia	NSN	Total
	(EUR millions)					
Audit Fees(1)	6.9	9.9	16.8	7.2	10.2	17.4
Audit-Related Fees(2)	0.6	9.4	10.0	0.8	1.4	2.2
Tax Fees(3)	1.3	0.4	1.7	2.4	1.6	4.0
All Other Fees(4)	1.1	0.0	1.1	0.3	0.0	0.3
Total	9.9	19.7	29.6	10.7	13.2	23.9

(1) Audit Fees consist of fees billed for the annual audit of the company's consolidated financial statements and the statutory financial statements of the company's subsidiaries.

(2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the company's financial statements or that are traditionally performed by the independent auditor, and include consultations concerning financial accounting and reporting standards; advice on tax accounting matters; advice and assistance in connection with local statutory accounting requirements; due diligence related to acquisitions or divestitures; financial due diligence in connection with provision of funding to customers, reports in relation to covenants in loan agreements; employee benefit plan audits and reviews; and audit procedures in connection with investigations and compliance programs. They also include fees billed for other audit services, which are those services that only the independent auditor reasonably can provide, and include the provision of comfort letters and consents in connection with statutory and regulatory filings and the review of documents filed with the SEC and other capital markets or local financial reporting regulatory bodies. The NSN Audit-Related Fees for 2013 are primarily related to due diligence services provided in connection with the transaction where Nokia purchased Siemens' stake in NSN, which was completed on August 7, 2013.

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(3) Tax fees include fees billed for (i) corporate and indirect compliance including preparation and/or review of tax returns, preparation, review and/or filing of various certificates and forms and consultation regarding tax returns and assistance with revenue authority queries; (ii) transfer pricing advice and assistance with tax clearances; (iii) customs duties reviews and advice; (iv) consultations and tax audits (assistance with technical tax queries and tax audits and appeals and advice on mergers, acquisitions and restructurings); (v) personal compliance (preparation of individual tax returns and registrations for employees (non-executives), assistance with applying visa, residency, work permits and tax status for expatriates); and (vi) consultation and planning (advice on stock-based remuneration, local employer tax laws, social security laws, employment laws and compensation programs and tax implications on short-term international transfers).

(4) All Other Fees include fees billed for company establishment, forensic accounting, data security, investigations and reviews of licensing arrangements with customers, other consulting services and occasional training or reference materials and services.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee of our Board of Directors is responsible, among other matters, for the oversight of the external auditor subject to the requirements of Finnish law. The Audit Committee has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by our independent auditors (the "Policy").

Under the Policy, proposed services either (i) may be pre-approved by the Audit Committee in accordance with certain service categories described in appendices to the Policy ("general pre-approval"); or (ii) require the specific pre-approval of the Audit Committee ("specific pre-approval"). The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The appendices to the Policy set out the audit, audit-related, tax and other services that have received the general pre-approval of the Audit Committee. All other audit, audit-related (including services related to internal controls and significant M&A projects), tax and other services are subject to a specific pre-approval from the Audit Committee. All service requests concerning generally pre-approved services will be submitted to the Corporate Controller, who will determine whether the services are within the services generally pre-approved. The Policy and its appendices are subject to annual review by the Audit Committee.

The Audit Committee establishes budgeted fee levels annually for each of the four categories of audit and non-audit services that are pre-approved under the Policy, namely, audit, audit-related, tax and other services. Requests or applications to provide services that require specific approval by the Audit Committee are submitted to the Audit Committee by both the independent auditor and the Corporate Controller. At each regular meeting of the Audit Committee, the independent auditor provides a report in order for the Audit Committee to review the services that the auditor is providing, as well as the status and cost of those services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

There were no purchases of Nokia shares or ADSs by Nokia Corporation or its affiliates during 2013.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

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ITEM 16G. CORPORATE GOVERNANCE

The following is a summary of any significant ways in which our corporate governance practices differ from those followed by US domestic companies under the corporate governance standards of the New York Stock Exchange, or NYSE. There are no significant differences in the corporate governance practices followed by us as compared to those followed by US domestic companies under the NYSE corporate governance standards, except that we follow the requirements of Finnish law with respect to the approval of equity compensation plans. Under Finnish law, stock option plans require shareholder approval at the time of their launch. All other plans that include the delivery of company stock in the form of newly-issued shares or treasury shares require a shareholder approval at the time of the delivery of the shares or, if the shareholder approval is granted through an authorization to the Board of Directors, no more than a maximum of five years earlier. The NYSE corporate governance standards require that the equity compensation plans be approved by a company's shareholders.

Our corporate governance practices comply with the Finnish Corporate Governance Code, approved by the boards of the Finnish Securities Market Association and NASDAQ OMX Helsinki effective as of October 1, 2010, with one exception outlined below. The Finnish Corporate Governance Code is available, for instance, at *www.cgfinland.fi*.

In 2013 Nokia was not in full compliance with recommendation 39 of the Finnish Corporate Governance Code as Nokia's Restricted Share Plans did not include any performance criteria but were time-based only, with a restriction period of at least three years from the grant. Restricted Shares are granted only for exceptional retention and recruitment purposes aimed to ensure Nokia is able to retain and recruit talent vital to the future success of the Company. In the Restricted Share Plan 2014, the number of the shares to be granted was reduced significantly and they no longer are part of the annual grants.

Additionally, in 2013 Nokia was not in full compliance with the recommendation 46 of the 2010 Finnish Corporate Governance Code as the termination payment payable due to the termination of Nokia's former President and CEO Stephen Elop's service contract exceeded the aggregate amount of his non-variable salary of two years. While we decide on our executives' total compensation through benchmarking against similar companies, along with other factors, the company's approach has been to keep the non-variable part rather small in proportion and emphasize the variable part. This compensation structure is designed to align the interest of executive officers with those of the shareholders and with Nokia's performance. The termination payment was also significantly affected by the share price increase from the announcement of the transaction with Microsoft through the termination of Mr. Elop's contract, as over 80% of the termination payment consisted of the value of his equity-based compensation. Moreover, in the end 70% of this termination payment was borne by Microsoft and the remaining 30% of the amount, equaling to EUR 7.3 million, by Nokia pursuant to the agreement between Nokia and Microsoft.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

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ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report:

ITEM 19. EXHIBITS

*1	Articles of Association of Nokia Corporation.
4.1	Share Purchase Agreement by and among Siemens AG, Siemens International Holding B.V., Nokia Finance International B.V. and Nokia Corporation dated July 1, 2013.
4.2	Stock and Asset Purchase Agreement by and between Nokia Corporation and Microsoft International Holdings B.V. dated September 2, 2013.
6	See Note 29 to our consolidated financial statements included in Item 18 of this annual report for information on how earnings per share information was calculated.
8	List of significant subsidiaries.
12.1	Certification of Risto Siilasmaa, Chairman and interim Chief Executive Officer of Nokia Corporation, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Timo Ihamuotila, Chief Financial Officer and interim President of Nokia Corporation, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.(a)	Consent of Independent Registered Public Accounting Firm.

* Incorporated by reference to our annual report on Form 20-F for the fiscal year ended December 31, 2010.

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GLOSSARY OF TERMS

3G (Third Generation Mobile Communications): The third generation of mobile communications standards designed for carrying both voice and data generally using WCDMA or close variants.

4G (Fourth Generation Mobile Communications): The fourth generation of mobile communications standards based on LTE, offering IP data connections only and providing true broadband Internet access for mobile devices.

5G (Fifth Generation Mobile Communications): The next major phase of mobile telecommunications standards. 5G will be the set of technical components and systems needed to handle new requirements and overcome the limits of current systems.

Access network: A telecommunications network between a local exchange and the subscriber station.

Asha: The product name for Nokia's high-end feature phones and most affordable smartphones. The Asha devices were developed by our Mobile Phones business unit, which was part of the Devices & Services business sold to Microsoft. As part of Nokia's transaction with Microsoft, Microsoft also acquired the Asha brand.

ASP (average selling price): A term used commonly for instance in the mobile devices industry to reflect an average price of a category of devices sold. There is no industry guidance or clear practice to follow when calculating presenting this figure. In this annual report Smart Devices ASP represents Smart Devices net sales divided by Smart Devices volumes. Mobile Phones ASP represents Mobile Phones net sales divided by Mobile Phones volumes.

Bandwidth: The width of a communication channel, which affects transmission speeds over that channel.

Base station: A network element in a mobile network responsible for radio transmission and reception to or from the mobile station.

Broadband: The delivery of higher bandwidth by using transmission channels capable of supporting data rates greater than the primary rate of 9.6 Kbps.

CDMA (Code Division Multiple Access): A technique in which radio transmissions using the same frequency band are coded in a way that a signal from a certain transmitter can be received only by certain receivers.

Cellular network: A mobile telephone network consisting of switching centers, radio base stations and transmission equipment.

Continuing operations: refers to the continuing operations of Nokia following the sale of substantially all of our Devices & Services business to Microsoft. Nokia's continuing operations include three businesses: Networks, HERE, and Technologies.

Convergence: The coming together of two or more disparate disciplines or technologies. Convergence types are, for example, IP convergence, fixed-mobile convergence and device convergence.

Core network: A combination of exchanges and the basic transmission equipment that together form the basis for network services.

Customer experience management (CEM) Software suite used to manage and improve the customer experience, based on customer, device and network insights.

Devices & Services: Nokia's former mobile device business, most of which we sold to Microsoft.

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Digital: A signaling technique in which a signal is encoded into digits for transmission.

Discontinued Operations: refers mainly in this report to those operations we divested to Microsoft.

Ecosystem: An industry term to describe the increasingly large communities of mutually beneficial partnerships that participants such as hardware manufacturers, software providers, developers, publishers, entertainment providers, advertisers and ecommerce specialists form in order to bring their offerings to market. At the heart of the major ecosystems in the mobile devices and related services industry is the operating system and the development platform upon which services are built.

EDGE (Enhanced Data Rates for Global Evolution): A technology to boost cellular network capacity and increase data rates of existing GSM networks to as high as 473 Kbit/s.

Engine: Hardware and software that perform essential core functions for telecommunication or application tasks. A mobile device engine includes, for example, the printed circuit boards, radio frequency components, basic electronics and basic software.

Ethernet: A type of local area network (LAN).

ETSI (European Telecommunications Standards Institute): Standards produced by the ETSI contain technical specifications laying down the characteristics required for a telecommunications product.

FD-LTE (Frequency Division Long-term Evolution) also known as FDD (Frequency Division Duplex): A standard for LTE mobile broadband networks. Frequency Division means that separate, parallel connections are used to carry data from the base station to the mobile device ('downlink') and from the mobile device to the base station ('uplink').

Feature phone: Mobile devices that support a wide range of functionalities and applications, such as Internet connectivity and access to our services, but whose software capabilities are generally less powerful than those of smartphones. The feature phones manufactured by Nokia before the sale of our Devices & Services business were mostly based on the Series 30+ operating system.

Flexi Zone: A number of Flexi small cells which can be meshed together in a zone which collectively act as a single but distributed macro cell.

Flexi Multiradio base station: a system module platform developed to support higher GSM, HSPA+, LTE and LTE-A capacities and wider variety of BTS site configurations with minimized amount of equipment and with lower power consumption.

Global Services: a business unit within Networks. Global Services provides mobile operators with a broad range of services, including professional services, network implementation and customer care services.

GPS (Global Positioning System): Satellite-based positioning system that is used for reading geographical position and as a source of the accurate coordinated universal time.

GSM (Global System for Mobile Communications): A digital system for mobile communications that is based on a widely accepted standard and typically operates in the 900 MHz, 1800 MHz and 1900 MHz frequency bands.

HERE: A Nokia company focused on location intelligence.

HSPA (High-Speed Packet Access): A wideband code division multiple access (WCDMA or 3G) feature that refers to both 3GPP high-speed downlink packet access and high-speed uplink packet access.

ICT: Information and communications technology.

Implementation patents: Implementation patents include technologies used to implement functionalities in products or services which are not covered by commitments to standards setting

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organizations, so they typically offer product differentiation by giving competitive advantage, such as increased performance, smaller size or improved battery life and the patent owner has no obligation to license them to others.

IMS (IP Multimedia Subsystem): Architectural framework designed to deliver IP based multimedia services on telco networks. Standardized by 3GPP.

Internet Protocol: A network layer protocol that offers a connectionless Internet work service and forms part of the TCP/IP protocol.

IP (Intellectual property): Intellectual property results from original creative thought, covering items such as patents, copyright material, trademarks, as well as business models and plans.

IPR (Intellectual Property Right): Legal right protecting the economic exploitation of intellectual property, a generic term used to describe products of human intellect, for example, patents, that have an economic value.

IP licensing: Generally refers to an agreement or an arrangement where a company allows another company to use its intellectual property (such as patents, trademarks or copyrights under certain terms.

IPTV (Internet Protocol television): Television services delivered over Internet protocol infrastructure through a telephone or cable network using a broadband access line.

Java: An object-oriented programming language that is intended to be hardware and software independent.

Liquid Applications: Applications which can be hosted on an IT server blade and data storage included within a base station which can utilize real time network information.

Liquid Core: NSN's proprietary name for a core network product suite which enables dynamic capacity allocation across the different network functions.

LTE (Long-Term Evolution): 3GPP radio technology evolution architecture and a standard for wireless communication of high-speed data. Also referred to as 4G.

LTE Advanced (LTE-A): the evolution of LTE that allows operators to use more than one spectrum band in parallel and defines a set of techniques focused on enhancing the mobile broadband user experience, as well as reducing the cost per bit.

Lumia: the product name for the family of smartphones we made based on the Windows Phone operating system.

Microcell: a cell in a mobile phone network served by a low power cellular base station covering a limited area, typically up to 2 kilometer wide.

Mobile broadband: mobile broadband refers to high-speed wireless Internet connections and services designed to be used from arbitrary locations.

Mobile Broadband: a business unit with Networks. Mobile Broadband provides mobile operators with radio and core network software together with the hardware needed to deliver mobile voice and data services.

Mobile phone: A generic term for devices that are used for mobile communications over a cellular network. Often used to refer to mobile devices whose software capabilities are generally less powerful than those of smartphones. See also *Feature phone*.

Mobile Phones: one of the two business units of Nokia's Devices & Services business, which was sold to Microsoft. The Mobile Phones unit was focused on the area of mass market entry and feature phones as well as affordable smartphones.

Multiradio: Able to support several different radio access technologies.

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Networks: a Nokia business focused on network infrastructure software, hardware and services.

NFC (near field communication): a short-range wireless technology that enables people to connect one NFC enabled device with another, or to read an NFC tag. By bringing one NFC-enabled mobile device close to another NFC device, or to an NFC tag, people can easily share content; access information and services; or pay for goods.

NGOA (Next Generation Optical Access): Future telecommunications system based on fiber optic cables capable of achieving bandwidth data rates greater than 100 Mbps.

NSN: short for Nokia Solutions and Networks, the former name of our Networks business. NSN was also earlier known as Nokia Siemens Networks until Nokia acquired Siemens' 50% stake in the joint venture in 2013.

OFDM (Orthogonal Frequency-Division Multiplexing): A technique for transmitting large amounts of digital data over a radio wave. OFDM works by splitting the radio signal into multiple smaller sub-signals that are then transmitted simultaneously at different frequencies to the receiver.

Open source: Refers to a program in which the source code is available to the general public for use and modification from its original design free of charge.

Operating system (OS): Software that controls the basic operation of a computer or a mobile device, such as managing the processor and memory. The term is also often used to refer more generally to the software within a device, including, for instance, the user interface.

Packet: Part of a message transmitted over a packet switched network.

Picocell: *A* small cellular basestation typically covering a small area typically up to 200 meter wide. Typically used to extend coverage to indoor areas or to add network capacity in areas with very dense phone usage, such as train stations.

Platform: Software platform is a term used to refer to an operating system or programming environment, or a combination of the two.

PND (personal navigation device): A term used to describe portable devices or devices embedded in a vehicle that are used primarily for navigation. Smartphones and increasingly feature phones may include navigation functionalities, but are not generally referred to as PNDs.

Radio Access Network (RAN): A mobile telecommunications system consisting of radio base stations and transmission equipment.

Series 30+: A software platform that powered Nokia's most cost-effective voice and messaging feature phones.

Single RAN Single RAN allows different radio technologies to be provided at the same time from a single base station, using a multi-purpose platform.

Small Cells: low-powered radio access nodes (micro cells or pico cells) and are a vital element to handling very dense data traffic demands. 3G and LTE small cells use spectrum licensed by the operator; WiFi uses unlicensed spectrum which is therefore not under the operator's exclusive control.

Smart Devices: one of the two business units of Nokia's Devices & Services business, which was sold to Microsoft. The Smart Devices business unit focused on our most advanced mobile devices, including smartphones powered by the Windows Phone operating system.

Smartphone: A generic category of mobile devices with sophisticated software and embedded services. Smartphones can run applications such as email, web browsing, navigation, social

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networking and enterprise software, and can also have built-in music players, video recorders, and other multimedia features. Software capabilities are generally more powerful in smartphones than in feature phones (See *feature phone*). We offer smartphones under the Asha and Lumia product names.

Standard-essential patents: Generally, patents needed to produce products which work on a standard, which companies declare as essential and agree to license on fair, reasonable and non-discriminatory (FRAND) terms.

Subscription: The contract between a mobile phone subscriber and the network carrier for its mobile phone services.

Symbian: A software platform which powered Nokia smartphones.

TD-LTE Time Division Long Term Evolution, also known as TDD (Time Division Duplex): An alternative standard for LTE mobile broadband networks. Time Division means that a single connection is used alternately to carry data from the base station to the mobile device ('downlink') and then from the mobile device to the base station ('uplink').

TD-SCDMA (time division synchronous code division multiple access): An alternative 3G standard.

Technologies: A Nokia business focused on advanced technology development and licensing,

Technology licensing: Generally refers to an agreement or arrangement where a company provides under certain terms another company its technology and possibly know-how, whether protected by intellectual property or not, for use in products or services offered by the other company.

Transmission: The action of conveying signals from one point to one or more other points.

VDSL (very high bit rate digital subscriber line): A form of digital subscriber line similar to asymmetric digital subscriber line (ADSL) but providing higher speeds at reduced lengths.

VoIP (Voice over Internet Protocol): Use of the Internet protocol to carry and route two-way voice communications.

VoLTE (Voice over LTE) required to offer voice services on an all-IP LTE network and generally provided using IMS.

WCDMA (Wideband Code Division Multiple Access): A third-generation mobile wireless technology that offers high data speeds to mobile and portable wireless devices.

Wi-Fi: A technology enabling an electronic device to transfer data wirelessly over a network, including high-speed Internet connections.

Windows 8: A version of the Microsoft Windows operating system, developed by Microsoft. Windows 8 shares many of the same core technologies as Windows Phone 8, the latest version of the software platform designed for smartphones.

Windows Phone: A software platform developed by Microsoft that Nokia deployed as its principal smartphone operating system. As a result of the acquisition whereby Nokia sold substantially all of its Devices & Services business to Microsoft, Nokia has exited the mobile devices market.

WiMAX (Worldwide Interoperability for Microwave Access): A technology of wireless networks that operates according to the 802.16 standard of the Institute of Electrical and Electronics Engineers (IEEE).

WLAN (wireless local area network): A local area network using wireless connections, such as radio, microwave or infrared links, in place of physical cables.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Nokia Corporation

In our opinion, the accompanying consolidated statements of financial position and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows present fairly, in all material respects, the financial position of Nokia Corporation and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with IFRS as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control Over Financial Reporting" appearing under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Oy
Helsinki, Finland
April 30, 2014

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Nokia Corporation and Subsidiaries

Consolidated Income Statements

	Notes	2013 EURm	2012[(1)] EURm	2011[(1)] EURm
		Financial year ended December 31		
Continuing operations				
Net sales		**12 709**	15 400	15 968
Cost of sales		**(7 364)**	(9 841)	(10 408)
Gross profit		**5 345**	5 559	5 560
Research and development expenses		**(2 619)**	(3 081)	(3 334)
Selling and marketing expenses		**(974)**	(1 372)	(1 608)
Administrative and general expenses		**(697)**	(690)	(735)
Impairment of goodwill	9	**—**	—	(1 090)
Other income	8	**272**	276	151
Other expenses	8, 9	**(808)**	(1 513)	(332)
Operating profit (loss)	2-11, 25	**519**	(821)	(1 388)
Share of results of associated companies	16, 32	**4**	(1)	(23)
Financial income and expenses	9, 12	**(280)**	(357)	(131)
Profit (loss) before tax		**243**	(1 179)	(1 542)
Income tax	13	**(202)**	(304)	(73)
Profit (loss) from continuing operations		**41**	(1 483)	(1 615)
Profit (loss) from continuing operations attributable to equity holders of the parent		**186**	(771)	(1 272)
Loss from continuing operations attributable to non-controlling interests		**(145)**	(712)	(343)
		41	(1 483)	(1 615)
(Loss) profit from discontinued operations	3	**(780)**	(2 303)	128
(Loss) profit from discontinued operations attributable to equity holders of the parent		**(801)**	(2 334)	109
Profit from discontinued operations attributable to non-controlling interests		**21**	31	19
		(780)	(2 303)	128
Loss for the year		**(739)**	(3 786)	(1 487)
Loss attributable to equity holders of the parent		**(615)**	(3 105)	(1 163)
Loss attributable to non-controlling interests		**(124)**	(681)	(324)
		(739)	(3 786)	(1 487)

	Notes	2013 EUR	2012 EUR	2011 EUR
Earnings per share from continuing and discontinued operations (for profit (loss) attributable to the equity holders of the parent)	29			
Basic earnings per share				
From continuing operations		**0.05**	(0.21)	(0.34)
From discontinued operations		**(0.22)**	(0.63)	0.03
From the profit of the year		**(0.17)**	(0.84)	(0.31)
Diluted earnings per share				
From continuing operations		**0.05**	(0.21)	(0.34)
From discontinued operations		**(0.22)**	(0.63)	0.03
From the profit of the year		**(0.17)**	(0.84)	(0.31)

	Notes	2013	2012	2011
Average number of shares (000's shares)	29			
Basic				
From continuing operations		**3 712 079**	3 710 845	3 709 947
From discontinued operations		**3 712 079**	3 710 845	3 709 947
From the profit of the year		**3 712 079**	3 710 845	3 709 947
Diluted				
From continuing operations		**3 733 364**	3 710 845	3 709 947
From discontinued operations		**3 712 079**	3 710 845	3 717 034
From the profit of the year		**3 712 079**	3 710 845	3 709 947

(1) Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19 *Employee Benefits*.

See Notes to Consolidated Financial Statements.

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Nokia Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

	Notes	Financial year ended December 31 2013 EURm	2012[1] EURm	2011[1] EURm
Loss		**(739)**	(3 786)	(1 487)
Other comprehensive income (expense)				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit pensions	**6**	**83**	(228)	(36)
Items that may be reclassified subsequently to profit or loss				
Translation differences	**23**	**(496)**	41	9
Net investment hedges	**23**	**114**	(58)	(37)
Cash flow hedges	**22**	**3**	(41)	116
Available-for-sale investments	**22**	**49**	35	70
Other increase (decrease), net		**5**	10	(17)
Income tax related to components of other comprehensive (expense) income	**22, 23**	**(2)**	34	(4)
Other comprehensive (expense) income, net of tax		**(244)**	(207)	101
Total comprehensive expense		**(983)**	(3 993)	(1 386)
Total comprehensive expense attributable to				
equity holders of the parent		**(863)**	(3 281)	(1 089)
non-controlling interests		**(120)**	(712)	(297)
		(983)	(3 993)	(1 386)
Total comprehensive income (expense) attributable to equity holders of the parent arises from:				
Continuing operations		**34**	(831)	(1 200)
Discontinued operations		**(897)**	(2 450)	111
		(863)	(3 281)	(1 089)

(1) Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19 *Employee Benefits*.

See Notes to Consolidated Financial Statements.

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Nokia Corporation and Subsidiaries
Consolidated Statements of Financial Position

	Notes	December 31 2013 EURm	December 31 2012[1] EURm
ASSETS			
Non-current assets			
Goodwill	14	3 295	4 876
Other intangible assets	14	296	647
Property, plant and equipment	15	566	1 431
Investments in associated companies	16	65	58
Available-for-sale investments	17	741	689
Deferred tax assets	26	890	1 279
Long-term loans receivable	17, 35	96	125
Other non-current assets		99	218
		6 048	9 323
Current assets			
Inventories	19, 21	804	1 538
Accounts receivable, net of allowances for doubtful accounts (2013: EUR 124 million, 2012: EUR 248 million)	17, 21, 35	2 901	5 551
Prepaid expenses and accrued income	20	660	2 682
Current income tax assets		146	495
Current portion of long-term loans receivable	17, 35	29	35
Other financial assets	17, 18, 35	285	451
Investments at fair value through profit and loss, liquid assets	17, 35	382	415
Available-for-sale investments, liquid assets	17, 35	956	542
Available-for-sale investments, cash equivalents	17, 35	3 957	5 448
Bank and cash	35	3 676	3 504
		13 796	20 661
Assets held for sale	15, 17	89	—
Assets of disposal groups classified as held for sale	3	5 258	—
Total assets		25 191	29 984

	Notes	2013	2012
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent			
Share capital	24	246	246
Share issue premium		615	446
Treasury shares, at cost		(603)	(629)
Translation differences	23	434	746
Fair value and other reserves	22	80	(5)
Reserve for invested non-restricted equity		3 115	3 136
Retained earnings		2 581	3 997
		6 468	7 937
Non-controlling interests		192	1 302
Total equity		6 660	9 239
Non-current liabilities			
Long-term interest-bearing liabilities	17, 35	3 286	5 087
Deferred tax liabilities	26	195	701
Other long-term liabilities		630	997
Provisions	28	242	304
		4 353	7 089
Current liabilities			
Current portion of long-term loans	17, 35	3 192	201
Short-term borrowings	17, 35	184	261
Other financial liabilities	17, 18, 35	35	90
Current income tax liabilities	13	484	499
Accounts payable	17, 35	1 842	4 394
Accrued expenses and other liabilities	27	3 033	6 223
Provisions	28	680	1 988
		9 450	13 656
Liabilities of disposal groups classified as held for sale	3	4 728	—
Total shareholders' equity and liabilities		25 191	29 984

(1) December 31, 2012 reflects the retrospective application of Revised IAS 19 *Employee Benefits*.

See Notes to Consolidated Financial Statements.

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Nokia Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Notes	2013 EURm	2012[1] EURm	2011[1] EURm
		Financial year ended December 31		
Cash flow from operating activities				
Loss attributable to equity holders of the parent		**(615)**	(3 105)	(1 163)
Adjustments, total	33	**1 789**	3 841	3 488
Change in net working capital	33	**(945)**	119	(641)
Cash generated from operations		**229**	855	1 684
Interest received		**92**	130	190
Interest paid		**(208)**	(277)	(283)
Other financial income and expenses, net		**345**	(584)	264
Income taxes paid, net		**(386)**	(478)	(718)
Net cash from / used in operating activities		**72**	(354)	1 137
Cash flow from investing activities				
Acquisition of businesses, net of acquired cash		**—**	13	(817)
Purchase of current available-for-sale investments, liquid assets		**(1 021)**	(1 668)	(3 676)
Purchase of investments at fair value through profit and loss, liquid assets		**—**	(40)	(607)
Purchase of non-current available-for-sale investments		**(53)**	(55)	(111)
Purchase of shares in associated companies		**(8)**	(1)	(2)
Payment of other long-term receivables		**(1)**	—	(14)
Proceeds from (payment of) short-term loans receivable		**4**	24	(31)
Capital expenditures		**(407)**	(461)	(597)
Proceeds from disposal of businesses, net of disposed cash		**(63)**	(15)	(2)
Proceeds from disposal of shares in associated companies		**—**	5	4
Proceeds from maturities and sale of current available-for-sale investments, liquid assets		**586**	2 355	6 090
Proceeds from maturities and sale of investments at fair value through profit and loss, liquid assets		**—**	86	1 156
Proceeds from sale of non-current available-for-sale investments		**129**	37	57
Proceeds from sale of fixed assets		**138**	279	48
Dividends received		**5**	3	1
Net cash used in / from investing activities		**(691)**	562	1 499
Cash flow from financing activities				
Other contributions from shareholders		**—**	—	546
Purchase of a subsidiary's equity instruments		**(1 707)**	—	—
Proceeds from long-term borrowings		**2 291**	752	1
Repayment of long-term borrowings		**(862)**	(266)	(51)
Repayment of short-term borrowings		**(128)**	(196)	(59)
Dividends paid		**(71)**	(755)	(1 536)
Net cash used in financing activities		**(477)**	(465)	(1 099)
Foreign exchange adjustment		**(223)**	(27)	107
Net increase (decrease) in cash and cash equivalents		**(1 319)**	(284)	1 644
Cash and cash equivalents at beginning of period		**8 952**	9 236	7 592
Cash and cash equivalents at end of period		**7 633**	8 952	9 236

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Nokia Corporation and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

	Notes	December 31 2013 EURm	2012 EURm	2011 EURm
Cash and cash equivalents comprise of:				
Bank and cash		**3 676**	3 504	1 957
Current available-for-sale investments, cash equivalents	**17, 35**	**3 957**	5 448	7 279
		7 633	8 952	9 236

The figures in the consolidated statement of cash flows combine cash flows relating to both continuing and discontinued operations. Note 3 includes information about discontinued operations cash flows.

The figures in the consolidated statement of cash flows cannot be directly traced from the consolidated statement of financial position without additional information as a result of acquisitions and disposals of subsidiaries and net foreign exchange differences arising on consolidation.

(1) Full years 2012 and 2011 reflect the retrospective application of Revised IAS 19 *Employee Benefits*.

See Notes to Consolidated Financial Statements.

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Nokia Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

	Number of shares (000's)	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested non-restrict. equity	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
Balance at December 31, 2010	**3 709 130**	**246**	**312**	**(663)**	**825**	**9**	**3 161**	**10 500**	**14 390**	**1 858**	**16 248**
Remeasurement on defined benefit pensions, net of tax						(7)			(7)	(17)	(24)
Translation differences					(26)				(26)	35	9
Net investment hedges, net of tax					(28)				(28)		(28)
Cash flow hedges, net of tax						84			84	10	94
Available-for-sale investments, net of tax						67			67		67
Other decrease, net								(16)	(16)	(1)	(17)
Profit								(1 163)	(1 163)	(324)	(1 487)
Total comprehensive income		**—**	**—**	**—**	**(54)**	**144**	**—**	**(1 179)**	**(1 089)**	**(297)**	**(1 386)**
Share-based compensation			18						18		18
Excess tax benefit on share-based compensation			(3)						(3)	(1)	(4)
Settlement of performance and restricted shares	1 059		(11)	19			(13)		(5)		(5)
Contributions from shareholders			46						46	500	546
Dividend								(1 484)	(1 484)	(39)	(1 523)
Acquisitions and other change in non-controlling interests									—	15	15
Total of other equity movements		**—**	**50**	**19**	**—**	**—**	**(13)**	**(1 484)**	**(1 428)**	**475**	**(953)**
Balance at December 31, 2011	**3 710 189**	**246**	**362**	**(644)**	**771**	**153**	**3 148**	**7 837**	**11 873**	**2 036**	**13 909**
Remeasurement on defined benefit pensions, net of tax						(127)			(127)	(79)	(206)
Translation differences					42				42	(2)	40
Net investment hedges, net of tax					(67)				(67)		(67)
Cash flow hedges, net of tax						(67)			(67)	47	(20)
Available-for-sale investments, net of tax						36			36		36
Other increase, net								7	7	3	10
Loss								(3 105)	(3 105)	(681)	(3 786)
Total comprehensive income		**—**	**—**	**—**	**(25)**	**(158)**	**—**	**(3 098)**	**(3 281)**	**(712)**	**(3 993)**
Share-based compensation			1						1		1
Excess tax benefit on share-based compensation			3						3		3
Settlement of performance and restricted shares	796		(5)	15			(12)		(2)		(2)
Dividend								(742)	(742)	(22)	(764)
Convertible bond—equity component			85						85		85
Total of other equity movements		**—**	**84**	**15**	**—**	**—**	**(12)**	**(742)**	**(655)**	**(22)**	**(677)**

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Nokia Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity (Continued)

	Number of shares (000's)	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested non-restrict. equity	Retained earnings	Equity holders of the parent	Non-controlling interests	Total
Balance at December 31, 2012	**3 710 985**	**246**	**446**	**(629)**	**746**	**(5)**	**3 136**	**3 997**	**7 937**	**1 302**	**9 239**
Remeasurement on defined benefit pensions, net of tax						55			55	25	80
Translation differences					(468)				(468)	(28)	(496)
Net investment hedges, net of tax					114				114		114
Cash flow hedges, net of tax						(3)			(3)	7	4
Available-for-sale investments, net of tax						49			49		49
Other increase, net								5	5		5
Loss								(615)	(615)	(124)	(739)
Total comprehensive income		**—**	**—**	**—**	**(354)**	**101**	**—**	**(610)**	**(863)**	**(120)**	**(983)**
Share-based compensation			25						25		25
Settlement of performance and restricted shares	1 404		(7)	26			(21)		(2)		(2)
Dividend								—	—	(37)	(37)
Acquisition of non-controlling interest			(3)		42	(16)		(806)	(783)	(924)	(1 707)
Other change in non-controlling interest									—	(29)	(29)
Convertible bond—equity component			154						154		154
Convertible bond—conversion to equity	38						—		—		—
Total of other equity movements		**—**	**169**	**26**	**42**	**(16)**	**(21)**	**(806)**	**(606)**	**(990)**	**(1 596)**
Balance at December 31, 2013	**3 712 427**	**246**	**615**	**(603)**	**434**	**80**	**3 115**	**2 581**	**6 468**	**192**	**6 660**

Dividends declared per share were EUR 0.37 for 2013 (EUR 0.00 for 2012 and EUR 0.20 for 2011), subject to shareholders' approval.

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1. Accounting principles

Basis of presentation

The consolidated financial statements of Nokia Corporation ("Nokia" or "the Group"), a Finnish public limited liability company with domicile in Helsinki, in the Republic of Finland, are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union ("IFRS"). The consolidated financial statements are presented in millions of euros ("EURm"), except as noted, and are prepared under the historical cost convention, except as disclosed in the accounting policies below. The notes to the consolidated financial statements also conform to Finnish accounting legislation. Nokia's Board of Directors authorized the financial statements for 2013 for issuance and filing on April 30, 2014.

In the prior year, the Group's operational structure featured three businesses: Devices & Services, HERE and Nokia Siemens Networks, also referred to as NSN. For financial reporting purposes, the Group previously reported four operating segments: Smart Devices and Mobile Phones within the Devices & Services business, HERE and NSN.

On August 7, 2013 Nokia completed the acquisition of Siemens' stake in Nokia Siemens Networks, which was previously a consolidated subsidiary and business owned by Nokia and Siemens. Upon acquisition, the name of the business was changed to Nokia Solutions and Networks, also referred to as NSN. As a result of the acquisition, NSN is now a wholly owned subsidiary of Nokia and Nokia reports two operating segments within the NSN business: Mobile Broadband and Global Services.

On September 3, 2013 Nokia announced that it had signed an agreement to enter into a transaction whereby Nokia sold substantially all of its Devices & Services business to Microsoft ("Sale of the D&S Business"). Upon receiving shareholder confirmation and approval of the transaction at Nokia's Extraordinary General Meeting in November 2013, substantially all of the Devices & Services business was determined to constitute discontinued operations. The financial results for the discontinued operations are now reported separately in accordance with IFRS 5 along with the luxury phone business Vertu which was disposed of in the last quarter of 2012. The Sale of D&S business was completed on April 25, 2014.

In connection with the transactions noted above, the Group considered how operating results are reported and reviewed by management and the Group's Chief Operating Decision Maker, and identified four operating and reportable segments: Mobile Broadband and Global Services within NSN, HERE and Advanced Technologies.

The HERE brand was introduced for our location and mapping service in 2012, and as of January 1, 2013 our former Location & Commerce business and reportable segment was renamed HERE.

As announced by Nokia on April 29, 2014, Nokia has made certain changes to the names of its businesses and reportable segments. However, when presenting financial information as at December 31, 2013 and related comparative information for previous periods, we generally refer to the names of the businesses and reportable segments as they were named at December 31, 2013. However, the terms "Networks" and "Nokia Solutions and Networks, or "NSN", as well as "Technologies" and "Advanced Technologies" can be used interchangeably in this annual report.

The consolidated statements of financial position and certain notes to the financial statements include changes in presentation format. To allow meaningful comparison between years, comparative information has been aligned with current presentation format.

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Adoption of pronouncements under IFRS

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations to existing standards issued by the IASB that are relevant to its operations and effective for accounting periods commencing on or after January 1, 2013.

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11 *Joint Arrangements* establishes that the legal form of an arrangement should not be the primary factor in the determination of the appropriate accounting for the arrangement. A party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12 *Disclosure of Interests in Other Entities* requires disclosure of information that enables users of financial statements to evaluate nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* replaces fair value measurement guidance contained within individual IFRSs with a single, unified definition of fair value in a single new IFRS standard. The new standard provides a framework for measuring fair value, related disclosure requirements about fair value measurements and further authoritative guidance on the application of fair value measurement in inactive markets.

The adoption of each of the above mentioned standards did not have a material impact to the consolidated financial statements. Additional disclosures required by the new standards have been provided in the notes.

Revised IAS 19 *Employee Benefits* discontinues use of the 'corridor' approach and re-measurement impacts are recognized in other comprehensive income. Net interest as a product of discount rate and adjusted net pension liability at the start of the annual reporting period is recognized in the consolidated income statements while the return on plan assets, excluding amounts included in net interest, is reflected in remeasurements within other comprehensive income. Previously unrecognized actuarial gains and losses are also recognized in other comprehensive income. Other long-term employee benefits are required to be measured in the same way even though changes in the recognized amounts are fully reflected in profit or loss. Treatment for termination benefits, specifically the point in time when an entity would recognize a liability for termination benefits, is also revised.

As a result of adopting the revised IAS 19, the net pension liabilities and other comprehensive income were impacted mainly by the retrospectively applied elimination of the 'corridor' approach for 2012 and 2011. In total, for 2012, net pension liabilities increased by EUR 232 million (EUR 9 million for 2011) and other comprehensive income decreased by EUR 206 million (EUR 24 million in 2011), net of tax.

In addition, a number of other amendments that form part of the IASB's annual improvement project were adopted by the Group. The adoption of these amendments did not have a material impact to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of Nokia's parent company ("Parent Company"), and each of those companies over which the Group exercises control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the

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entity and has the ability to affect those returns through its power over the entity. The Group's share of profits and losses of associates is included in the consolidated income statement in accordance with the equity method of accounting. An associate is an entity over which the Group exercises significant influence. Significant influence is generally presumed to exist when the Group owns, directly or indirectly through subsidiaries, over 20% of the voting rights of the company.

All inter-company transactions are eliminated as part of the consolidation process. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. In the consolidated statement of financial position, non-controlling interests are presented within equity, separately from the equity of the owners of the parent.

The entities or businesses acquired during the financial periods presented have been consolidated from the date on which control of the net assets and operations was transferred to the Group. Similarly, the results of a Group entity or business divested during an accounting period is included in the Group accounts only to the date of disposal.

Business Combinations

The acquisition method of accounting is used to account for acquisitions of separate entities or businesses by the Group. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired business and equity instruments issued. Acquisition-related costs are recognized as expense in profit and loss in the periods when the costs are incurred and the related services are received. Identifiable assets acquired and liabilities assumed by the Group are measured separately at their fair value as of the acquisition date. Non-controlling interests in the acquired business are measured separately based on their proportionate share of the identifiable net assets of the acquired business. The excess of the cost of the acquisition over the interest in the fair value of the identifiable net assets acquired and attributable to the owners of the parent, is recorded as goodwill.

Assessment of the recoverability of long-lived assets, intangible assets and goodwill

For the purposes of impairment testing, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition in which the goodwill arose.

The Group assesses the carrying amount of goodwill annually or more frequently if events or changes in circumstances indicate that such carrying amount may not be recoverable. The Group assesses the carrying amount of identifiable intangible assets and long-lived assets if events or changes in circumstances indicate that such carrying amount may not be recoverable. Factors that could trigger an impairment review include significant underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends.

The Group conducts its impairment testing by determining the recoverable amount for the asset or cash-generating unit. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal or its value in use. If there is no reason to believe that the cash-generating unit's value in use materially exceeds its fair value less costs of disposal, the Group may use fair value less costs of disposal as its recoverable amount.

A cash-generating unit, as determined for the purposes of the Group's goodwill impairment testing, is the smallest group of assets (including goodwill) generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In testing a cash-generating unit for impairment, the Group identifies all corporate assets that relate to the cash-generating unit under review and those assets are allocated, on a reasonable and consistent basis, to the relevant units. The

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aggregate total carrying amount of the unit, including the portion of the carrying amount of the corporate assets allocated to the unit, is compared with its recoverable amount. An impairment loss is recognized if the recoverable amount is less than the carrying amount. Impairment losses are recognized immediately in the income statement.

Disposals of separate entities or businesses

When a disposal transaction causes the Group to relinquish control over a separate entity or business, the Group records a gain or loss on disposal at the disposal date. The gain or loss on disposal is calculated as the difference between the fair value of the consideration received and the carrying amounts of derecognized net assets attributable to the equity holders of the parent and non-controlling interests of the disposed entity or business, adjusted by amounts previously recognized in other comprehensive income in relation to that entity or business.

Discontinued operations and assets held for disposal

Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a major line of business or geographical area of operations or (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. In the consolidated income statement, results from discontinued operations is reported separately from income and expenses from continuing operations and prior periods are presented on a comparative basis. Cash flows for discontinued operations are presented separately in Note 3. In order to present the financial effects of the continuing operations and discontinued operations, revenues and expenses arising from intra-group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

Non-current assets or disposal groups are classified as assets held for sale when the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups and the sale must be highly probable. Non-current assets classified as held for sale and disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Foreign currency translation

Functional and presentation currency

The financial statements of all Group companies are measured using functional currency, which is the currency of the primary economic environment in which each of the companies operate. The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Parent Company.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the individual transactions. For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used. At the end of the accounting period, the unsettled balances on foreign currency monetary assets and liabilities are valued at the rates of exchange prevailing at the end of the accounting period. Foreign exchange gains and losses arising from statement of financial position items are reported in financial income and expenses. Unrealized foreign exchange gains and losses related to non-current available-for-sale investments are recognized in other comprehensive income.

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Foreign Group companies

In the consolidated accounts, all income and expenses of foreign Group companies, where the functional currency is other than euro, are translated into euro at the average monthly foreign exchange rates. All assets and liabilities of foreign Group companies are translated into euro at the year-end foreign exchange rates. Differences resulting from the translation of income and expenses at the average rate and assets and liabilities at the closing rate are recognized in other comprehensive income as translation differences within consolidated shareholder's equity. On the disposal of all or part of a foreign Group company by sale, liquidation, repayment of share capital or abandonment, the cumulative amount or proportionate share of the translation differences is recognized as income or as expense when the gain or loss on disposal is recognized.

Revenue recognition

Revenues within the Group are generally recognized when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. When management determines that such criteria have been met, revenue is recognized.

NSN enters into transactions which involve multiple components consisting of any combination of hardware, services and software. Within these arrangements, separate components are identified and accounted for based on the nature and fair value of those components and considering the economic substance of the entire arrangement. Revenue is allocated to each separately identifiable component based on the relative fair value of each component. The fair value of each component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin when price references are not available. This determination of the fair value and allocation thereof to each separately identifiable component of a transaction requires the use of estimates and judgment which may have a significant impact on the timing and amount of revenue recognized for the period. Service revenue, which typically includes managed services and maintenance services, is generally recognized on a straight-line basis over the specified period unless there is evidence that some other method better represents the rendering of services.

Also at NSN, certain revenue is recognized from contracts involving solutions achieved through modification of complex telecommunications equipment on a percentage of completion basis when the outcome of the contract can be estimated reliably. Recognized revenues and profit estimates are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realization of penalties, and other corresponding factors.

Within the HERE business, a substantial majority of revenue is derived from the licensing of the HERE database. Revenue which consists of license fees from usage (including license fees in excess of the nonrefundable minimum fees), are recognized in the period in which the license fees are estimable. Nonrefundable minimum annual licensing fees are generally received upfront and represent a minimum guarantee of fees to be received from the licensee during the period of the arrangement. The total up-front fee paid by the customer is generally amortized ratably over the term of the arrangement. When it is determined that the actual amount of licensing fees earned exceeds the cumulative revenue recognized under the amortization method, we recognize the additional licensing revenue. Furthermore, within the HERE business, some licensing arrangements contain multiple elements, that

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could include data, software, services and updates. Revenue is allocated to each element based on its relative fair value and is recognized as the element is delivered and the obligation is fulfilled.

Advanced Technologies' patent license agreements are multi-year arrangements usually covering both a licensee's past and future sales until a certain agreed date, when the license expires. When a patent license agreement is signed, it typically includes an agreement or settlement on past royalties that the licensor is entitled to. Such income for past periods is recognized immediately. The license payments relating to the future royalties are recognized over the remaining contract period, typically 5 to 10 years. Licensees often pay a fixed license fee in one or more installments and running royalties based on their sales of licensed products. Licensees generally report and pay their running royalties on a quarterly basis after the end of each quarter and Nokia revenue recognition takes place accordingly at the time the royalty reports are received.

Within Devices & Services business reported as discontinued operations, a sale of devices can include multiple components consisting of a combination of hardware, services and software. The commercial effect of each separately identifiable element of the transaction is evaluated in order to determine the appropriate accounting treatment for each component of the transaction. The total amount received is allocated to individual components based on their estimated fair value. Fair value of each component is determined by taking into consideration factors such as the price when the component is sold separately, the price when a similar component is sold separately by a third party and cost plus a reasonable margin when pricing references are not available. The estimated fair values are allocated first to software and services, and the residual amount allocated to hardware. Application of the recognition criteria described above generally results in recognition of hardware related revenue at the time of delivery with software and services related revenue recognized on a straight-line basis over their respective terms.

Also within the Devices & Services business, estimated reductions to revenue are recorded for special pricing agreements, and other volume based discounts at the time of sale. Sales adjustments for volume based discount programs are estimated largely based on historical activity under similar programs.

Shipping and handling costs

The costs of shipping and distributing products are included in cost of sales.

Research and development

Research and development costs are expensed as they are incurred as they do not meet the criteria for capitalization.

Other intangible assets

Acquired patents, trademarks, licenses, software licenses for internal use, customer relationships and developed technology are capitalized and amortized using the straight-line method over their useful lives, generally 3 to 7 years. Where an indication of impairment exists, the carrying amount of the related intangible asset is assessed for recoverability. Any resulting impairment losses are recognized immediately in the income statement.

Employee benefits

Pensions

The Group companies have various pension schemes in accordance with the local conditions and practices in the countries in which they operate. The schemes are generally funded through payments

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to insurance companies or contributions to trustee-administered funds as determined by periodic actuarial calculations.

In a defined contribution plan, the Group has no legal or constructive obligation to make any additional contributions even if the party receiving the contributions is unable to pay the pension obligations in question. The Group's contributions to defined contribution plans, multi-employer and insured plans are recognized in the consolidated income statement in the period which the contributions relate to.

If a pension plan is funded through an insurance contract where the Group does not retain any legal or constructive obligations, the plan is treated as a defined contribution plan. All arrangements that do not fulfill these conditions are considered defined benefit plans.

For defined benefit plans, pension costs are assessed using the projected unit credit method: Pension cost is recognized in the consolidated income statements so as to spread the current service cost over the service lives of employees. Pension obligation is measured as the present value of the estimated future cash outflows using interest rates on high quality corporate bonds with appropriate maturities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs and settlement gains and losses are recognized immediately in income as part of service cost, when the plan amendment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

The liability (or asset) recognized in the consolidated statements of financial position is the pension obligation at the closing date less the fair value of plan assets including effects of asset ceilings (if any).

Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling and the return on plan assets (excluding interest), are recognized immediately in the consolidated statements of financial position with the corresponding change to retained earnings recognized through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

Actuarial valuations for the Group's defined benefit pension plans are performed annually. In addition, actuarial valuations are performed when a curtailment or settlement of a defined benefit plan occurs.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the expected useful lives of the assets as follows:

Buildings and constructions	20 – 33 years
Light buildings and constructions	3 – 20 years
Production machinery, measuring and test equipment	1 – 5 years
Other machinery and equipment	3 – 10 years

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Land and water areas are not depreciated. Assets held for sale are not depreciated as they are carried at the lower of carrying value or fair value less costs to sell.

Maintenance, repairs and renewals are generally charged to expense during the financial period in which they are incurred. However, major renovations are capitalized and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Leasehold improvements are depreciated over the shorter of the lease term or useful life.

Gains and losses on the disposal of fixed assets are included in operating profit/loss.

Leases

The Group has entered into various operating lease contracts. The related payments are treated as rentals and recognized in the consolidated income statements on a straight-line basis over the lease terms unless another systematic approach is more representative of the pattern of the user's benefit.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using standard cost, which approximates actual cost on a FIFO (First-in First-out) basis. Net realizable value is the amount that can be realized from the sale of the inventory in the normal course of business after allowing for the costs of realization.

In addition to the cost of materials and direct labor, an appropriate proportion of production overhead is included in the inventory values.

An allowance is recorded for excess inventory and obsolescence based on the lower of cost or net realizable value.

Fair value measurement

Many financial instruments are measured at fair value at each reporting date after initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which significant inputs other than quoted prices are directly or indirectly observable
- Level 3—Valuation techniques for which significant inputs are unobservable

The Group categorizes assets and liabilities that are measured at fair value to the appropriate level of fair value hierarchy at the end of each reporting period.

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Financial assets

The Group has classified its financial assets to the following categories: available-for-sale investments, loans and receivables, financial assets at fair value through profit or loss and bank and cash.

Available-for-sale investments

The Group invests a portion of cash needed to cover projected cash needs of its on-going operations in highly liquid, interest-bearing investments and certain equity instruments. The following investments are classified as available-for-sale based on the purpose for acquiring the investments as well as ongoing intentions: (1) Highly liquid fixed income and money-market investments that are readily convertible to known amounts of cash with maturities at acquisition of 3 months or less, which are classified in the consolidated statements of financial position as current available-for-sale investments, cash equivalents. Due to the high credit quality and short-term nature of these investments, there is an insignificant risk of changes in value. (2) Similar types of investments as in category (1), but with maturities at acquisition of longer than 3 months, are classified in the consolidated statements of financial position as current available-for-sale investments, liquid assets. (3) Investments in technology related publicly quoted equity shares, or unlisted private equity shares and unlisted funds, are classified in the consolidated statements of financial position as non-current available-for-sale investments.

Investments in publicly quoted equity shares are measured at fair value using exchange quoted bid prices. Other available-for-sale investments carried at fair value include holdings in unlisted shares where the fair value is estimated by using various factors, including, but not limited to: (1) the current market value of similar instruments, (2) prices established from a recent arm's length financing transaction of the target companies, and (3) analysis of market prospects and operating performance of the target companies taking into consideration the public market of comparable companies in similar industry sectors. The Group uses judgment to select an appropriate valuation methodology as well as underlying assumptions based on existing market practice and conditions. Changes in these assumptions may cause the Group to recognize impairments or losses in future periods.

The remaining available-for-sale investments, which are technology related investments in private equity shares and unlisted funds for which the fair value cannot be measured reliably due to non-existence of public markets or reliable valuation methods against which to value these assets, are carried at cost less impairment.

All purchases and sales of investments are recorded on the trade date, which is the date that the Group commits to purchase or sell the asset.

The changes in fair value of available-for-sale investments are recognized in fair value and other reserves as part of shareholders' equity, with the exception of interest calculated using the effective interest method as well as foreign exchange gains and losses on monetary assets, which are recognized directly in profit and loss. Dividends on available-for-sale equity instruments are recognized in profit and loss when the Group's right to receive payment is established. When the investment is disposed of, the related accumulated changes in fair value are released from shareholders' equity and recognized in profit and loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of by the Group. The FIFO (First-in First-out) method is used to determine the cost basis of fixed income securities being disposed of by the Group.

An impairment is recorded when the carrying amount of an available-for-sale investment is greater than the estimated fair value and there is objective evidence that the asset is impaired including, but not limited to, counterparty default and other factors causing a reduction in value that can be

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considered other than temporary. The cumulative net loss relating to that investment is removed from equity and recognized in profit and loss. If, in a subsequent period, the fair value of the investment in a non-equity instrument increases and the increase can be objectively related to an event occurring after the loss was recognized, the loss is reversed, with the amount of the reversal included in profit and loss.

Investments at fair value through profit and loss, liquid assets

Certain highly liquid financial assets are designated as Investments at fair value through profit and loss, liquid assets, at inception. For these investments one of the following criteria must be met: (1) the designation eliminates or significantly reduces an inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or (2) the assets are part of a group of financial assets, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recognized and subsequently remeasured at fair value. Fair value adjustments and realized gains and losses are recognized in profit and loss.

Loans receivable

Loans receivable include loans to customers and suppliers. Loans receivable are initially measured at fair value and subsequently at amortized cost less impairment using the effective interest method. Loans are subject to regular and thorough review as to their collectability and available collateral. In the event that a loan is deemed not fully recoverable, a provision is made to reflect the shortfall between the carrying amount and the present value of the expected cash flows. Loan interest is recognized in interest income. The long-term portion of loans receivable is included on the consolidated statement of financial position under long-term loans receivable and the current portion under current portion of long-term loans receivable.

Bank and cash

Bank and cash consist of cash at bank and in hand.

Accounts receivable

Accounts receivable are carried at the original amount due from customers less allowances for doubtful accounts, which is considered to be fair value. Allowances for doubtful accounts are based on a monthly review of all outstanding amounts where significant doubt about collectability exists. Monthly review includes an analysis of historical bad debt, customer concentrations, customer creditworthiness, past due amounts, current economic trends and changes in our customer payment terms. Allowance for doubtful accounts is included in other operating expenses.

Financial liabilities

Compound financial instruments

Compound financial instruments have both a financial liability and an equity component from the issuers' perspective. The components are defined based on the terms of the financial instrument and presented and measured separately according to their substance. At initial recognition of a compound financial instrument, the financial liability component is recognized at fair value and the residual amount is allocated to the equity component. This allocation is not revised subsequently. The Group has issued convertible bonds, which are compound financial instruments, and their financial liability component is accounted for as a loan payable.

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Loans payable

Loans payable are recognized initially at fair value, net of transaction costs incurred. In subsequent periods loans payable are measured at amortized cost using the effective interest method. Transaction costs and loan interest are recognized in financial income and expenses over the life of the instrument. The long-term portion of loans payable is included on the consolidated statement of financial position under long-term interest-bearing liabilities and the current portion under current portion of long-term loans.

Accounts payable

Accounts payable are carried at the original invoiced amount, which is considered to be fair value due to the short-term nature of the Group's accounts payable.

Derivative financial instruments

All derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss varies according to whether the derivatives are designated under and qualify for hedge accounting or not.

Generally, the cash flows of a hedge are classified as cash flows from operating activities in the consolidated statements of cash flows as the underlying hedged items relate to the Group's operating activities. When a derivative contract is accounted for as a hedge of an identifiable position relating to financing or investing activities, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

Derivatives not designated in hedge accounting relationships carried at fair value through profit and loss

Forward foreign exchange contracts are valued at the market forward exchange rates. Changes in fair value are measured by comparing these rates with the original contract forward rate. Currency options are valued at each balance sheet date by using the Garman & Kohlhagen option valuation model. Changes in the fair value on these instruments are recognized in profit and loss.

Fair values of forward rate agreements, interest rate options, futures contracts and exchange traded options are calculated based on quoted market rates at each balance sheet date. Discounted cash flow analyses are used to value interest rate and cross-currency interest rate swaps. Changes in the fair value of these contracts are recognized in profit and loss.

For derivatives not designated under hedge accounting but hedging identifiable exposures such as anticipated foreign currency denominated sales and purchases, the gains and losses are recognized in other operating income or expenses. The gains and losses on all other derivatives are recognized in financial income and expenses.

Embedded derivatives are identified and monitored by the Group. Embedded derivatives are measured at fair value at each balance sheet date with changes in the fair value recognized in profit and loss.

Hedge accounting

The Group applies hedge accounting on certain forward foreign exchange contracts, certain options or option strategies and certain interest rate derivatives. Qualifying options and option strategies have

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zero net premium or a net premium paid. For option structures the critical terms of the bought and sold options are the same and the nominal amount of the sold option component is no greater than that of the bought option.

Cash flow hedges: Hedging of forecast foreign currency denominated sales and purchases

The Group applies hedge accounting for “Qualifying hedges”. Qualifying hedges are those properly documented cash flow hedges of the foreign exchange rate risk of future forecast foreign currency denominated sales and purchases that meet the following requirements: the cash flow being hedged must be “highly probable” and must present an exposure to variations in cash flows that could ultimately affect profit or loss, and the hedge must be highly effective both prospectively and retrospectively.

For qualifying foreign exchange forwards, the change in fair value that reflects the change in spot exchange rates is deferred in fair value and other reserves to the extent that the hedge is effective. For qualifying foreign exchange options, or option strategies, the change in intrinsic value is deferred in fair value and other reserves to the extent that the hedge is effective. In all cases, the ineffective portion is recognized immediately in profit and loss. Hedging costs, expressed either as the change in fair value that reflects the change in forward exchange rates less the change in spot exchange rates for forward foreign exchange contracts, or change in the time value for options, or options strategies, are recognized in other operating income or expenses.

Accumulated changes in fair value from qualifying hedges are released from fair value and other reserves to profit and loss as adjustments to sales and cost of sales when the hedged cash flow affects profit and loss. Forecast foreign currency sales and purchases affect profit and loss at various dates up to approximately 1 year from the balance sheet date.

If the hedged cash flow is no longer expected to occur, all deferred gains or losses are released immediately to profit and loss. If the hedged cash flow ceases to be highly probable, but is still expected to occur, accumulated gains and losses remain in equity until the hedged cash flow affects profit and loss.

Cash flow hedges: Hedging of foreign currency risk of highly probable business acquisitions and other transactions

From time to time the Group hedges the cash flow variability due to foreign currency risk inherent in highly probable business acquisitions and other future transactions that result in the recognition of non-financial assets. When those non-financial assets are recognized in the consolidated statements of financial position, the gains and losses previously deferred are transferred from fair value and other reserves and included in the initial acquisition cost of the asset. The deferred amounts are ultimately recognized in profit and loss as a result of goodwill assessments in case of business acquisitions and through depreciation in case of other assets. In order to apply for hedge accounting, the forecast transactions must be highly probable and the hedges must be highly effective prospectively and retrospectively.

Cash flow hedges: Hedging of cash flow variability on variable rate liabilities

The Group applies cash flow hedge accounting for hedging cash flow variability on certain variable rate liabilities. The effective portion of the gain or loss relating to interest rate swaps hedging variable rate borrowings is deferred in fair value and other reserves. The gain or loss related to the ineffective portion is recognized immediately in profit and loss. For hedging instruments closed before the maturity date of the related liability, hedge accounting will immediately discontinue from that date onwards, with

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all the cumulative gains and losses on the hedging instruments recycled gradually to profit and loss when the hedged variable interest cash flows affect profit and loss.

Fair value hedges

The Group applies fair value hedge accounting with the objective to reduce the exposure to fluctuations in the fair value of interest-bearing liabilities due to changes in interest rates and foreign exchange rates. Changes in the fair value of derivatives designated and qualifying as fair value hedges, together with any changes in the fair value of the hedged liabilities attributable to the hedged risk, are recorded in profit and loss in financial income and expenses.

If a hedge no longer meets the criteria for hedge accounting, hedge accounting ceases and any fair value adjustments made to the carrying amount of the hedged item while the hedge was effective are amortized to profit and loss in financial income and expenses based on the effective interest method.

Hedges of net investments in foreign operations

The Group also applies hedge accounting for its foreign currency hedging on net investments. Qualifying hedges are those properly documented hedges of the foreign exchange rate risk of foreign currency denominated net investments that are effective both prospectively and retrospectively.

For qualifying foreign exchange forwards, the change in fair value that reflects the change in spot exchange rates is deferred in translation differences within consolidated shareholder's equity. The change in fair value that reflects the change in forward exchange rates less the change in spot exchange rates is recognized in financial income and expenses. For qualifying foreign exchange options, the change in intrinsic value is deferred in translation differences within consolidated shareholder's equity. Changes in the time value are at all times recognized directly in profit and loss as financial income and expenses. If a foreign currency denominated loan is used as a hedge, all foreign exchange gains and losses arising from the transaction are recognized in translation differences within consolidated shareholder's equity. In all cases, the ineffective portion is recognized immediately in profit and loss.

Accumulated changes in fair value from qualifying hedges are released from translation differences on the disposal of all or part of a foreign Group company by sale, liquidation, repayment of share capital or abandonment. The cumulative amount or proportionate share of the changes in the fair value from qualifying hedges deferred in translation differences is recognized as income or as expense when the gain or loss on disposal is recognized.

Income taxes

The income tax expense comprises current tax and deferred tax. Current taxes are based on the results of the Group companies and are calculated according to local tax rules. Taxes are recognized in the consolidated income statements, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is recognized in other comprehensive income or equity, respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It adjusts the amounts recorded where appropriate on the basis of amounts expected to be paid to the tax authorities. The amount of current income tax liabilities is adjusted when, despite management's belief that tax return positions are supportable, it is more likely than not that certain tax positions will be challenged and may not be fully sustained upon review by tax authorities. The amounts recorded are based upon the estimated future settlement

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amount at each reporting date. Current income tax assets and liabilities are presented separately in the consolidated statements of financial position and amounts recorded in respect of uncertain tax positions are presented as part of current income tax liabilities.

Deferred tax assets and liabilities are determined, for all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using the liability method. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses, unused tax credits or deductible temporary differences can be utilized. Each reporting period deferred tax assets are assessed for realizability and when circumstances indicate it is no longer probable that deferred tax assets will be utilized, they are adjusted as necessary. Deferred tax liabilities are recognized for temporary differences that arise between the amounts initially recognized and the tax base of identifiable net assets acquired in business combinations. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The enacted or substantively enacted tax rates as of each balance sheet date that are expected to apply in the period when the asset is realized or the liability is settled are used in the measurement of deferred tax assets and liabilities.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. When the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset only when the reimbursement is virtually certain. The Group assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary based on actual experience and changes in facts and circumstances at each balance sheet date.

Restructuring provisions

The Group provides for the estimated cost to restructure when a detailed formal plan of restructuring has been completed, the restructuring plan has been announced by the Group and a reliable estimate of the amount can be made.

Project loss provisions

The Group provides for onerous contracts based on the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract.

Warranty provisions

The Group provides for the estimated liability to repair or replace products under warranty at the time revenue is recognized. The provision is an estimate calculated based on historical experience of the level of volumes, product mix and repair and replacement cost.

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Material liability

The Group recognizes the estimated liability for non-cancellable purchase commitments for inventory in excess of forecasted requirements at each balance sheet date.

Intellectual property rights (IPR) provisions

The Group provides for the estimated future settlements related to asserted and unasserted past alleged IPR infringements based on the probable and estimable outcome of potential infringement.

Other provisions

The Group provides for other contractual and other obligations based on the expected cost of executing any such contractual and other commitments.

Share-based compensation

The Group offers three types of global equity settled share-based compensation schemes for employees: stock options, performance shares and restricted shares.

Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments as of the date of grant, excluding the impact of any non-market vesting conditions. Non-market vesting conditions attached to the performance shares are included in assumptions about the number of shares that the employee will ultimately receive. On a regular basis, the Group reviews the assumptions made and where necessary, revises its estimates of the number of performance shares that are expected to be settled. Share-based compensation is recognized as an expense in the income statement over the relevant service periods.

The Group has also issued certain stock options which are accounted for as cash-settled. Related employee services received, and the liability incurred, are measured at the fair value of the liability. The fair value of stock options is estimated based on the reporting date market value less the exercise price of the stock options. The fair value of the liability is remeasured at each reporting date and at the date of settlement and related change in fair value is recognized in the consolidated income statements over the relevant service periods.

Treasury shares

The Group recognizes acquired treasury shares as a reduction of equity at their acquisition cost. When cancelled, the acquisition cost of treasury shares is recognized in retained earnings.

Dividends

Dividends proposed by the Board of Directors are recorded in the consolidated financial statements when they have been approved by the shareholders at the Annual General Meeting.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year excluding shares purchased by the Group and held as treasury shares. Diluted earnings per share is calculated by adjusting the net profit attributable to equity holders of the parent to eliminate the interest expense of the convertible bonds and by adjusting the weighted average number of the shares outstanding with the dilutive effect of stock options, performance shares and restricted shares outstanding during the year as well as the assumed conversion of the convertible bonds.

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Use of estimates and critical accounting judgments

The preparation of financial statements in conformity with IFRS requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management bases its estimates on historical experience, expected outcomes and various other assumptions that are believed to be reasonable under the circumstances. The related results form a basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. The Group will revise material estimates if changes occur in the circumstances on which an estimate was based or as a result of new information or more experience. Actual results may differ from these estimates under different assumptions or conditions.

Set forth below are areas requiring significant judgment and estimation that may have an impact on reported results and the financial position.

Revenue recognition

The majority of the Group's sales are recognized as revenue when the significant risks and rewards of ownership have transferred to the buyer, continuing managerial involvement usually associated with ownership and effective control have ceased, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Sales could materially change if management's assessment of such criteria changes. The Group enters into transactions involving multiple components consisting of any combination of hardware, services and software. The consideration received from these transactions is allocated to each separately identifiable component. The NSN allocation method is based on relative fair value, while the allocation of revenue for multiple component arrangements within the Devices & Services business reported as discontinued operations is based on the residual value method. The consideration allocated to each component is recognized as revenue when the revenue recognition criteria for that component have been met. Determination of the fair value for each component requires the use of estimates and judgment taking into consideration factors which may have a significant impact on the timing and amount of revenue recognition. Examples of such factors include price when the component is sold separately by the Group or the price when a similar component is sold separately by the Group or a third party.

Revenue from contracts involving solutions achieved through modification of complex telecommunications equipment is recognized on the percentage of completion basis when the outcome of the contract can be estimated reliably. Recognized revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realization of penalties, and other corresponding factors, which may have a significant impact on the timing and amount of revenue recognition.

Customer financing

The Group has provided a limited number of customer financing arrangements and agreed extended payment terms with selected customers. Should the actual financial position of the customers or general economic conditions differ from assumptions, the ultimate collectability of such financings and trade credits may be required to be re-assessed, which could result in a write-down of these balances and thus negatively impact future profits. From time to time the Group endeavors to mitigate this risk through transfer of its rights to the cash collected from these arrangements to third party financial institutions on a non-recourse basis in exchange for an upfront cash payment.

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Allowances for doubtful accounts

The Group maintains allowances for doubtful accounts for estimated losses resulting from subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, reducing their ability to make payments, additional allowances may be required.

Inventory-related allowances and provisions

The Group periodically reviews inventory for excess amounts, obsolescence and declines in net realizable value below cost and records an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for products. Possible changes in these estimates could result in revisions to the valuation of inventory in future periods.The Group recognizes the estimated liability for non-cancellable purchase commitments for inventory in excess of forecasted requirements at each balance sheet date.

Restructuring provisions

The Group provides for the estimated future cost related to restructuring programs. The provision made for restructuring is based on management's best estimate. Changes in estimates of timing or amounts of costs to be incurred may become necessary as the restructuring program is implemented.

Project loss provisions

The Group provides for onerous contracts based on the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract. Due to the long-term nature of customer projects, changes in estimates of costs to be incurred, and therefore project loss estimates, may become necessary as the projects are executed.

Warranty provisions

The Group provides for the estimated cost of product warranties at the time revenue is recognized. The Group's warranty provision is established based upon best estimates of the amounts necessary to settle future and existing claims on products sold as of each balance sheet date. As new products incorporating complex technologies are continuously introduced, and as local laws, regulations and practices may change, changes in these estimates could result in additional allowances or changes to recorded allowances being required in future periods.

Provision for intellectual property rights (IPR) infringements

The Group provides for the estimated past costs related to alleged asserted IPR infringements. The provision is an estimate calculated based on a probable outcome of potential future settlement. IPR infringement claims can last for varying periods of time, resulting in irregular movements in the IPR infringement provision. The ultimate outcome or actual cost of settling an individual infringement may materially vary from estimates.

Legal contingencies

Legal proceedings covering a wide range of matters are pending or threatened in various jurisdictions against the Group. Provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates.

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Business combinations

The Group applies the acquisition method of accounting to account for acquisitions of businesses. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired business and equity instruments issued. Identifiable assets acquired and liabilities assumed by the Group are measured separately at their fair value as of the acquisition date. Non-controlling interests in the acquired business are measured separately based on their proportionate share of the identifiable net assets of the acquired business. The excess of the cost of the acquisition over Nokia's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various valuation assumptions requiring management judgment. Actual results may differ from the forecasted amounts and the difference could be material. See also Note 10.

Assessment of the recoverability of long-lived assets, intangible assets and goodwill

The recoverable amounts for long-lived assets, intangible assets and goodwill have been determined based on the expected future cash flows attributable to the asset or cash-generating unit discounted to present value. The key assumptions applied in the determination of recoverable amount include discount rate, length of an explicit forecast period, estimated growth rates, profit margins and level of operational and capital investment. Amounts estimated could differ materially from what will actually occur in the future. See also Note 9.

Income taxes

Management judgment is required in determining current tax expense, uncertain tax positions, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. Each reporting period deferred tax assets are assessed for realizability and when circumstances indicate it is no longer probable that deferred tax assets will be utilized, they are adjusted as necessary. In the event any deferred tax assets are to be re-recognized, they would be subject to a detailed analysis to assess any potential impact on the final amount to be recognized.

At December 31, 2013, Nokia's continuing operations in Finland had approximately EUR 2.3 billion (calculated at the Finnish corporate tax rate of 20%) of net deferred tax assets that have not been recognized in the financial statements. A significant portion Nokia's Finnish deferred tax assets are indefinite in nature and available against future Finnish taxable income. The Group will continue closely monitoring the realizability of these deferred tax assets, including assessing future financial performance of continuing activities in Finland. Should the recent improvements in continuing financial results be sustained, all or part of the unrecognized deferred tax assets may be recognized in the future.

In the Netherlands and in certain other jurisdictions, the utilization of deferred tax assets is dependent on future taxable profit in excess of the profits arising from reversal of existing taxable temporary differences. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient taxable profits will be available in the future from which the reversal of temporary differences and tax losses can be deducted. Recognition therefore involves judgment with regard to future financial performance of a particular legal entity or tax group in which the deferred tax asset has been recognized.

Liabilities for uncertain tax positions are recorded based on estimates and assumptions when, despite management's belief that tax return positions are supportable, it is more likely than not that certain positions will be challenged and may not be fully sustained upon review by tax authorities. Furthermore, the Group has ongoing tax investigations in multiple jurisdictions, including India. If the

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final outcome of these matters differs from the amounts initially recorded, differences may impact the income tax expense in the period in which such determination is made.

Pensions and other long-term employee benefits

The determination of pension benefit obligation and expense for defined benefit pension plans and other long-term employee benefits is dependent on the Group's selection of certain assumptions which are used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate and annual rate of increase in future compensation levels. A portion of plan assets is invested in equity securities, which are subject to equity market volatility. Changes in assumptions and actuarial conditions may materially affect the pension benefit obligation and future expense. See also Note 6.

New accounting pronouncements under IFRS

The Group will adopt the following new and revised standards, amendments and interpretations to existing standards issued by the IASB that are expected to be relevant to its operations and financial position:

IFRS 9 *Financial Instruments* reflects the first phase of the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* and will change the classification and measurement of the Group's financial assets and introduced a new hedge accounting model. The Group is planning to adopt the standard on the revised effective date of not earlier than January 1, 2018. The Group will assess IFRS 9's full impact when all phases have been completed and the final standard is issued.

The amendments described below will be adopted on January 1, 2014 and they are not expected to have a material impact on the financial condition and the results of operations of the Group.

Amendment to IAS 32 *Offsetting Financial Assets and Financial Liabilities* clarifies the meaning of "currently has a legally enforceable right to set-off".

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) adds guidance to IAS 36 *Impairment of Assets* on disclosure of recoverable amounts and discount rates.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) makes it clear that IAS 39 *Financial Instruments: Recognition and Measurement* does not require discontinuing hedge accounting if a hedging derivative is novated, provided certain criteria are met.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) clarifies IAS 19 *Employee Benefits* requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

IFRIC 21 *Levies*, an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* clarifies that the obligating event giving rise to a liability to pay a levy to a government agency is the activity that triggers the payment.

2. Segment information

Nokia has three continuing businesses: NSN, HERE and Advanced Technologies, and four operating and reportable segments for financial reporting purposes: Mobile Broadband and Global Services within NSN, HERE and Advanced Technologies. Also, Devices & Services business, which is presented as discontinued operations, forms an operating and reportable segment.

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Nokia adopted its current operational and reporting structure during 2013 in response to the following events:

- On August 7, 2013 Nokia announced that it had completed the acquisition of Siemens' stake in Nokia Siemens Networks, also referred to as NSN. Until then, NSN was reported as a single reportable segment. Following the completion of the transaction Nokia Solutions and Networks, also referred to as NSN (formerly Nokia Siemens Networks) became a wholly owned subsidiary of Nokia and the chief operating decision maker started to evaluate the business more from a product perspective. As a result, the NSN business has two operating and reportable segments, Mobile Broadband and Global Services.
- On September 2, 2013 Nokia signed an agreement to enter into a transaction whereby Nokia sold substantially all of its Devices & Services business to Microsoft. After receiving shareholder confirmation and approval at Nokia's Extraordinary General Meeting on November 19, 2013 for the transaction, Nokia began presenting substantially all of its former Devices & Services business as discontinued operations, and Advanced Technologies as an operating and reportable segment. Previously Advanced Technologies was part of the Devices & Services business. The Sale of the D&S Business was completed on April 25, 2014.
- Substantially all of the former Devices & Services business is presented as discontinued operations and at the same time forms an operating and reportable segment. Discontinued business is described in more detail in note 3.

Prior period results have been regrouped and recasted for comparability purposes according to the new operational and reporting structure.

Nokia's reportable segments represent the strategic business units that offer different products and services. The chief operating decision maker receives monthly financial information for these business units. Key financial performance measures of the reportable segments include primarily net sales and contribution/operating profit. Segment contribution for Mobile Broadband and Global Services consists of net sales, cost of sales and operating expenses, and excludes restructuring and associated charges, purchase price accounting related charges and certain other items not directly related to the segments. Operating profit is presented for HERE and Advanced Technologies. The chief operating decision maker evaluates the performance of its segments and allocates resources to them based on operating profit/contribution.

Mobile Broadband provides mobile operators with radio and core network software together with the hardware needed to deliver mobile voice and data services.

Global Services provides mobile operators with a broad range of services from network planning and optimization to network implementation, system integration and care services, as well as managed services for network and service operations.

NSN Other includes net sales and related cost of sales and operating expenses of non-core businesses as well as Optical Networks business until May 6, 2013 when its divestment was completed. It also includes restructuring and associated charges as well as purchase price accounting related charges and certain other items for the NSN business.

HERE focuses on the development of location-based services and local commerce. The HERE brand was introduced for our location and mapping service in 2012, and as of January 1, 2013 our former Location & Commerce business and reportable segment was renamed HERE.

The Advanced Technologies business builds on Nokia's Chief Technology Office (CTO) and Intellectual Property Rights activities. Advanced Technologies focuses on technology development and

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licensing and is planning to continue to build Nokia's patent portfolio and expand its technology licensing program. Advanced Technologies includes net sales from both intellectual property right activities and technology licensing.

Corporate Common Functions consists of company-wide functions.

Devices & Services business focuses on developing and selling smartphones powered by the Windows Phone system, feature phones and affordable smart phones.

The accounting policies of the segments are the same as those described in Note 1. Nokia accounts for inter-segment revenues and transfers as if the revenues were to third parties, that is, at current market prices.

No single customer represents 10% or more of Group revenues.

Profit and Loss information

2013	Mobile Broadband[1] EURm	Global Services[1] EURm	NSN Other EURm	NSN EURm	HERE[1] EURm	Advanced Technologies[1] EURm	Corporate Common Functions EURm	Eliminations EURm	Group EURm
Net sales to external customers[2]	5 346	5 752	182	11 280	914	515	—		12 709
Net sales to other segments	1	1	—	2	—	14	—	(16)	—
Depreciation and amortization	217	94	2	313	241	3	3		560
Impairment	1	1	6	8	—	—	12		20
Operating profit (loss)	420	693	(693)	420	(154)	310	(57)		519
Share of results of associated companies	—	—	8	8	1	—	(5)		4

2012	Mobile Broadband[1] EURm	Global Services[1] EURm	NSN Other EURm	NSN EURm	HERE[1] EURm	Advanced Technologies[1] EURm	Corporate Common Functions EURm	Eliminations EURm	Group EURm
Net sales to external customers[2]	6 042	6 928	807	13 777	1 103	520	—		15 400
Net sales to other segments	1	1	—	2	—	14	—	(16)	—
Depreciation and amortization	351	198	38	587	496	3	2		1 088
Impairment	8	—	29	37	—	—	33		70
Operating (loss) profit	490	334	(1 619)	(795)	(301)	325	(50)		(821)
Share of results of associated companies	—	—	8	8	1	—	(10)		(1)

2011	Mobile Broadband[1] EURm	Global Services[1] EURm	NSN Other EURm	NSN EURm	HERE[1] EURm	Advanced Technologies[1] EURm	Corporate Common Functions EURm	Eliminations EURm	Group EURm
Net sales to external customers[2]	6 335	6 737	969	14 041	1 091	836	—		15 968
Net sales to other segments	—	—	—	—	—	14	—	(14)	—
Depreciation and amortization	403	190	118	711	491	3	113		1 318
Impairment	—	—	19	19	1 091	—	134		1 244
Operating (loss) profit[3]	216	230	(743)	(297)	(1 526)	609	(174)		(1 388)
Share of results of associated companies	—	—	(17)	(17)	1	—	(7)		(23)

(1) Represents an operating and reportable segment.
(2) Net sales to external customers include the HERE sales to discontinued operations (EUR 154 million in 2013, EUR 374 million in 2012 and EUR 393 million in 2011).
(3) HERE operating loss in 2011 includes a goodwill impairment loss of EUR 1 090 million.

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Net sales to external customers by geographic area by location of customer

	2013	2012	2011
	EURm	EURm	EURm
Finland[4]	594	659	955
United States	1 542	1 498	1 199
Japan	1 388	2 176	1 533
China	896	1 077	1 384
India	656	757	929
Germany	609	844	946
Brazil	511	805	845
Russia	421	476	542
Indonesia	410	418	475
Other	5 682	6 690	7 160
Total	12 709	15 400	15 968

(4) All Advanced Technologies net sales is allocated to Finland.

Segment non-current assets by geographic area[5]

	2013	2012
	EURm	EURm
Finland	529	1 662
USA	3 371	4 166
China	94	387
India	58	151
Other	194	588
Total	4 246	6 954

(5) Comprises goodwill and other intangible assets and property, plant and equipment as well as assets held-for-sale.

3. Discontinued operations

Nokia announced on September 3, 2013 that it had signed an agreement to sell substantially all of its Devices & Services business and license its patents to Microsoft. The transaction was approved by Nokia shareholders in an Extraordinary Shareholders' meeting in November 2013, after which the results of the Devices & Services business were reclassified as discontinued operations. The transaction was completed on April 25, 2014.

Devices & Services is comprised of two previously reportable segments, Smart Devices and Mobile Phones as well as Devices & Services Other. Smart Devices focuses on Nokia's most advanced products, including smartphones powered by the Windows Phone system and has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including product development, product management and product marketing. Mobile Phones focuses on the area of mass market entry and feature phones as well as affordable smart phones and has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including development, management and marketing of feature phone products, services and applications. Devices & Services Other includes net sales related to spare parts, related cost of sales and operating expenses and operating results of Vertu through October 12, 2012, the date of divestment of the business. Devices & Services Other also includes major restructuring projects/programs related to the Devices & Services business as well as other unallocated items.

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Results of discontinued operations

	2013 EURm	2012 EURm	2011 EURm
Net sales	**10 735**	15 152	23 091
Cost of sales	**(8 526)**	(12 320)	(17 292)
Gross profit	**2 209**	2 832	5 799
Research and development expenses	**(1 130)**	(1 658)	(2 211)
Selling and marketing expenses	**(1 345)**	(1 857)	(2 179)
Administrative and general expenses	**(215)**	(286)	(370)
Other income and expenses	**(109)**	(510)	(723)
Operating (loss) profit	**(590)**	(1 479)	316
Financial income and expenses	**10**	18	28
Income tax	**(200)**	(842)	(216)
(Loss) profit for the year	**(780)**	(2 303)	128
Depreciation and amortization	**168**	238	244

Cash flows (used in) discontinued operations

	2013 EURm	2012 EURm	2011 EURm
Net cash used in operating activities	**(1 062)**	(2 252)	(95)
Net cash used in investing activities	**(130)**	(68)	(206)
Net cash used in financing activities	**(21)**	—	—
Net cash flow for the year	**(1 213)**	(2 320)	(301)

Effect of disposal on the financial position of the Group

	2013 EURm
Goodwill and other intangible assets	1 426
Property plant and equipment	559
Deferred tax assets and non-current assets	381
Inventories	347
Trade and other receivables	691
Prepaid and other current assets	1 854
Assets of disposal groups classified as held for sale	**5 258**
Deferred tax liabilities and other liabilities	114
Trade and other payables	1 381
Deferred income and accrued expense	2 220
Provisions	1 013
Liabilities of disposal groups classified as held for sale	**4 728**

4. Percentage of completion

Contract sales recognized under percentage of completion accounting were EUR 1 012 million in 2013 (EUR 3 431 million in 2012 and EUR 4 769 million in 2011). Service revenue for managed services and network maintenance contracts were EUR 2 318 in 2013 (EUR 2 655 million in 2012 and EUR 2 994 million in 2011).

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Advances received related to construction contracts, included in accrued expenses and other liabilities, are EUR 14 million at December 31, 2013 (EUR 58 million in 2012). Included in accounts receivable are contract revenues recorded prior to billings of EUR 162 million at December 31, 2013 (EUR 700 million in 2012) and billings in excess of costs incurred are EUR 99 million at December 31, 2013 (EUR 216 million in 2012).

The aggregate amount of costs incurred and recognized profits (net of recognized losses) under construction contracts in progress since inception is EUR 13 049 million at December 31, 2013 (EUR 18 107 million in 2012).

Retentions related to construction contracts, included in accounts receivable, are EUR 23 million at December 31, 2013 (EUR 100 million at December 31, 2012).

5. Personnel expenses

	2013	2012	2011
	EURm	EURm	EURm
Continuing operations			
Wages and salaries	**3 432**	4 295	3 875
Share-based compensation expense	**42**	11	6
Pension expenses, net	**206**	232	220
Other social expenses	**403**	507	517
Personnel expenses total	**4 083**	5 045	4 618

Personnelexpenses include termination benefits.

Pension expenses, comprised of multi-employer, insured and defined contribution plans were EUR 160 million in 2013 (EUR 193 million in 2012 and EUR 175 million in 2011). Expenses related to defined benefit plans comprise the remainder.

Average personnel

	2013	2012	2011
NSN	**52 564**	64 052	71 825
HERE	**5 897**	6 441	7 187
Advanced Technologies and Corporate Common Functions	**872**	1 315	1 844
Nokia Group, continuing operations	**59 333**	71 808	80 856

6. Pensions

The Group operates a number of post-employment plans in various countries including both defined contribution and defined benefit schemes. These plans expose the Group to actuarial risks such as, investment risk, interest rate risk, life expectancy risk and salary risk. The characteristics and associated risks of the defined benefit plans vary depending on legal, fiscal, and economic requirements in each country. These characteristics and risks are further described below relating to the plans included in the continuing operations of the Group.

Any of the following 2013 disclosures are attributable to the continuing operations only. Disclosures relating to 2012 and 2011 comparative annual periods represent the results for the entire consolidated Group. Accordingly, the current year results are not directly comparable to the prior periods.

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Change in accounting policy

At January 1, 2013, the Group adopted the revised IAS 19 *Employee Benefits*. Actuarial gains and losses under the revised standard are required to be recognized immediately and in full in other comprehensive income, and such balances are excluded permanently from the consolidated income statement. Previously, all actuarial gains and losses were deferred in accordance with the corridor method.

Calculation of the pension expense has been simplified under the revised standard and the related impacts to the Group's loss presented in the historical comparative consolidated income statements are not material. The main changes relate to the fully recognized actuarial gains and losses which impact the relevant net pension assets and liabilities and other comprehensive income.

The revised IAS 19 requires retrospective application for all financial statements presented. The adjustments resulting from the implementation of the revised standard for the years ended December 31, 2011 and December 31, 2012 are presented in the following tables.

January 1, 2011 Shareholders' equity EURm	**Nokia Group Reported**	**Adjustments**	**Nokia Group Adjusted**
Total equity	16 231	17	16 248
Equity attributable to equity holders of parent	14 384	6	14 390
Equity attributable to non-controlling interests	1 847	11	1 858

For the year ended and as of December 31, 2011 EURm	**Nokia Group Reported**	**Adjustments**	**Nokia Group Adjusted**
Impact to consolidated statement of financial position:			
Defined benefit pension assets	106	15	121
Deferred tax assets	1 848	5	1 853
Defined benefit pension obligations	176	24	200
Deferred tax liabilities	800	3	803
Total equity	13 916	(7)	13 909
Equity attributable to equity holders of parent	11 873	—	11 873
Equity attributable to non-controlling interests	2 043	(7)	2 036
Impact to consolidated income statement and other comprehensive income:			
Loss	(1 488)	1	(1 487)
Other comprehensive income			
Remeasurements on defined benefit pensions	—	(36)	(36)
Income taxes related to components of other comprehensive Income	(16)	12	(4)

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For the year ended and as of December 31, 2012 EURm	Nokia Group Reported	Adjustments	Nokia Group Adjusted
Impact to consolidated statement of financial position:			
Defined benefit pension assets	142	10	152
Deferred tax assets	1 254	25	1 279
Defined benefit pension obligations	178	242	420
Deferred tax liabilities	700	1	701
Total equity	9 447	(208)	9 239
Equity attributable to equity holders of parent	8 061	(124)	7 937
Equity attributable to non-controlling interests	1 386	(84)	1 302
Impact to consolidated income statement and other comprehensive income:			
Loss	(3 789)	3	(3 786)
Other comprehensive income			
Remeasurements on defined benefit pensions	—	(228)	(228)
Income taxes related to components of other comprehensive Income	12	22	34

The Group's most significant defined benefit pension plans are in Germany, UK, India and Switzerland. Together they account for 91% (92 % in 2012) of the Group's total defined benefit obligation and 92% (93% in 2012) of the Group's total plan assets.

Germany

The majority of active employees in Germany participate in the cash balance plan BAP (Beitragsorientierter Alterversorgungs Plan), formerly known as Beitragsorientierte Siemens Alterversorgung ("BSAV"). Individual benefits are generally dependent on eligible compensation levels, ranking within the Group and years of service. This plan is a partly funded defined benefit pension plan, the benefits of which are subject to a minimum return guaranteed by the Group. The funding vehicle for the BAP plan is the NSN Pension Trust e.V. The trust is legally separate from the Group and manages the plan assets in accordance with the respective trust agreements with the Group. The risks specific to the German defined benefit plans are related to changes in mortality of covered members and investment return of the plan assets. Curtailments were recognized in service costs for German pension plans during 2013 as a result of reduction in workforce in 2013 and the planned reduction in 2014.

United Kingdom

The Group has a UK defined benefit plan divided into two sections; the money purchase section and the final salary section, both being closed to future contributions and accruals as of April 30, 2012. Individual benefits are generally dependent on eligible compensation levels and years of service for the defined benefit section of the plan and on individual investment choices for the defined contribution section of the plan. The funding vehicle for the pension plan is the NSN Pension Plan that is run on a trust basis.

India

Government mandated gratuity and provident plans provide benefits based on years of service and projected salary levels at the date of separation for the Gratuity Plan and through an interest rate guarantee on existing investments in a government prescribed Provident Fund Trust. Gratuity Fund plan assets are invested and managed through an insurance policy. Provident Fund Assets are managed by NSN PF Trustees through a pattern prescribed by the Government in various fixed income securities.

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Switzerland

The Group's Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirements, Survivors' and Disability Pension plans (BVG), which stipulates that pension plans are to be managed by an independent, legally autonomous unit. In Switzerland, individual benefits are provided through the collective foundation Profond. The plan's benefits are based on age, years of service, salary and an individual old age account. The funding vehicle for the pension scheme is the Profond Vorsorgeeinrichtung. During fiscal year 2013, the collective foundation Profond has decided to decrease their conversion rates (pension received as a percentage of retirement savings) in five years gradually from 7.2% to 6.8%, which will reduce the expected benefits at retirement for all employees. This event qualifies as a plan amendment and the past service gain of EUR 1 million arising from this amendment was recognized immediately in the service cost of the year.

The following table presents the defined benefit obligations, the fair value of plan assets, the effects of the asset ceiling and the net defined benefit balance at December 31, 2013 for continuing operations and at December 31, 2012 for the Group, as restated.

	Defined benefit obligation		Fair value of plan assets		Effects of asset ceiling		Net defined benefit balance	
	2013	2012	2013	2012	2013	2012	2013	2012
	EURm	EURm	EURm	EURm	EURm	EURm	EURm	EURm
Germany	**(1 062)**	(1 305)	**904**	996	**—**	—	**(158)**	(309)
UK	**(98)**	(405)	**108**	527	**—**	—	**10**	122
India	**(85)**	(115)	**82**	110	**(1)**	—	**(4)**	(5)
Switzerland	**(78)**	(91)	**63**	57	**—**	—	**(15)**	(34)
Other	**(130)**	(157)	**104**	118	**(6)**	(3)	**(32)**	(42)
Nokia Group Total	**(1 453)**	(2 073)	**1 261**	1 808	**(7)**	(3)	**(199)**	(268)

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The movements in the present value of the defined benefit obligation, fair value of plan assets and the impact of minimum funding/asset ceiling are as follows for continuing operations in 2013 and for the entire Group in 2012, as restated:

EURm	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding/asset ceiling	Net defined benefit balance
Balance at January 1, 2012	(1 737)	1 657	(80)	(2)	(82)
Current service cost	(58)	—	(58)	—	(58)
Interest (expense)/income	(89)	84	(5)	—	(5)
Past service cost and gains and losses on curtailments	23	—	23	—	23
Settlements	13	(10)	3	—	3
	(111)	74	(37)	—	(37)
Remeasurements:					
Return on plan assets, excluding amounts included in interest (expense)/income	—	62	62	—	62
Gain from change in demographic assumptions	—	—	—	—	—
(Loss) from change in financial assumptions	(264)	—	(264)	—	(264)
Experience (losses)	(25)	—	(25)	—	(25)
Change in asset ceiling, excluding amounts included in interest (expense)/income	—	—	—	(1)	(1)
	(289)	62	(227)	(1)	(228)
Exchange differences	(7)	10	3	—	3
Contributions:					
Employers	—	50	50	—	50
Plan participants	(14)	14	—	—	—
Payments from plans:					
Benefit payments	68	(50)	18	—	18
Acquired in a business combination	14	(12)	2	—	2
Other movements	3	3	6	—	6
	64	15	79	—	79
Balance at December 31, 2012	**(2 073)**	**1 808**	**(265)**	**(3)**	**(268)**

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EURm	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding/asset ceiling	Net defined benefit balance
Balance at January 1, 2013	(2 073)	1 808	(265)	(3)	(268)
Transfer to discontinued operations	445	(516)	(71)	—	(71)
Current service cost	(44)	—	(44)	—	(44)
Interest (expense)/income	(54)	43	(11)	—	(11)
Past service cost and gains and losses on curtailments	5	—	5	—	5
Settlements	12	(8)	4	—	4
	(81)	35	(46)	—	(46)
Remeasurements:					
Return on plan assets, excluding amounts included in interest (expense)/income	—	15	15	—	15
Gain from change in demographic assumptions	4	—	4	—	4
Gain from change in financial assumptions	93	—	93	—	93
Experience gains	6	—	6	—	6
Change in asset ceiling, excluding amounts included in interest (expense)/income	—	—	—	(4)	(4)
	103	15	118	(4)	114
Exchange differences	30	(27)	3	—	3
Contributions:					
Employers	—	33	33	—	33
Plan participants	(13)	13	—	—	—
Payments from plans:					
Benefit payments	53	(28)	25	—	25
Acquired in a business combination	83	(72)	11	—	11
Other movements	—	—	—	—	—
	153	(81)	72	—	72
Balance at December 31, 2013	**(1 453)**	**1 261**	**(192)**	**(7)**	**(199)**

Present value of obligations include EUR 425 million (EUR 571 million in 2012) of wholly funded obligations, EUR 979 million of partly funded obligations (EUR 1 442 million in 2012) and EUR 49 million (EUR 60 million in 2012) of unfunded obligations (the amounts include continuing operations in 2013 and the entire Group in 2012, as restated).

The net accrued pension cost for continuing operations above is made up of an accrual of EUR 237 million included in other long-term liabilities (EUR 420 million in 2012, for the entire Group, as restated) and a prepayment of EUR 38 million included in other long-term assets (EUR 152 million in 2012, for the entire Group, as restated).

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The amounts recognized in the consolidated income statement are as follows (including continuing operations in 2013 and the entire Group in 2012 and 2011, as restated):

	2013 EURm	2012 EURm	2011 EURm
Current service cost	**44**	58	59
Past service cost and gains and losses on curtailments	**(5)**	(23)	(8)
Net interest cost	**11**	5	3
Settlements	**(4)**	(3)	(6)
Total, included in personnel expenses	**46**	37	48

The movements in pension remeasurements recognized in other comprehensive income are as follows (the amounts presented include continuing operations in 2013 and the entire Group in 2012 and 2011, as restated):

	2013 EURm	2012 EURm	2011 EURm
Remeasurements:			
Return on plan assets (excl. interest income), gain/(loss)	**15**	62	(18)
Changes in demographic assumptions, gain	**4**	—	—
Changes in financial assumptions, gain/(loss)	**93**	(264)	(43)
Experience adjustments, gain/(loss)	**6**	(25)	19
Current year change in asset ceiling	**(4)**	(1)	6
Total Remeasurement included in comprehensive Income	**114**	(228)	(36)

Actuarial Assumptions

The principal actuarial weighted average assumptions used for determining the defined benefit obligation were as follows:

	2013 %	2012 %
Discount rate for determining present values	**4.0**	3.7
Annual rate of increase in future compensation levels	**2.4**	2.4
Pension growth rate	**1.7**	1.9
Inflation rate	**2.0**	1.8

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. The following discount rates and mortality tables have been used for Nokia's significant countries:

	Discount Rate		Mortality Table
	2013	2012	2013
Germany	3.6%	3.2%	Richttafeln 2005 G
UK	4.5%	4.1%	S1NA Light*
India	9.0%	8.3%	LIC (2006-08) Ultimate
Switzerland	2.2%	1.6%	BVG2010G
Total weighted average for all countries	4.0%	3.7%	

*tables unadjusted for males and rated down by 2 years for females

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The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented below.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption EURm	Decrease in assumption EURm
Discount rate for determining present values	1.0%	173	(225)
Annual rate of increase in future compensation levels	1.0%	(24)	21
Pension growth rate	1.0%	(127)	123
Inflation rate	1.0%	(136)	126
Life expectancy	1 year	(27)	26

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant and may not be representative of the actual impact of changes. If more than one assumption is changed simultaneously, the combined impact of changes would not necessarily be the same as the sum of the individual changes. If the assumptions change to a different level compared to that presented above, the effect on the defined benefit obligation may not be linear. The methods and types of assumptions used in preparing the sensitivity analyses are the same as in the previous period.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the post-employment benefit obligation recognized in the consolidated statement of financial position; specifically, the present value of the defined benefit obligation is calculated with the projected unit credit method. Increases and decreases in the discount rate, rate of increase in future compensation levels, pension growth rate and inflation, which are used in determining the defined benefit obligation, do not have a symmetrical effect on the defined benefit obligation primarily due to the compound interest effect created when determining the net present value of the future benefit.

Investment strategies

The objective of investment activities is to maximize the excess of plan assets over the projected benefit obligations and to achieve asset performance at least in line with the interest costs in order to minimize required future employer contributions. To achieve these goals, the Group uses an asset-liability matching framework, which forms the basis for its strategic asset allocation of the respective plans. The Group also takes into consideration other factors in addition to the discount rate, such as inflation and longevity. The results of the asset-liability matching framework are implemented on a plan level.

The Group's pension governance does not allow direct investments and requires all investments to be placed either in funds or by professional asset managers. Derivative instruments are permitted and are used to change risk characteristics as part of the German plan assets. The performance and risk profile of investments is constantly monitored on a stand-alone basis as well as in the broader portfolio context. One major risk is a decline in the plan`s funded status as a result of the adverse development of plan assets and/or defined benefit obligations. The application of the Asset-Liability-Model study focuses on minimizing such risks.

There has been no change in the process used by the Group to manage its risk from prior periods.

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Disaggregation of plan assets

Pension assets are comprised as follows:

	2013				2012			
	Quoted EURm	Unquoted EURm	Total EURm	%	Quoted EURm	Unquoted EURm	Total EURm	%
Asset category:								
Equity securities	**300**	—	300	24%	397	—	397	22%
Debt securities	**564**	121	685	54%	973	116	1 089	60%
Insurance contracts	—	70	70	6%	—	137	137	8%
Real estate	—	57	57	5%	—	62	62	3%
Short-term investments	**92**	—	92	7%	49	—	49	3%
Others	—	57	57	4%	—	74	74	4%
Total	**956**	**305**	**1 261**	100%	**1 419**	**389**	**1 808**	100%

All short term investments, equity and nearly all fixed income securities have quoted market prices in active markets. Equity securities represent investments in equity funds and direct investments, which have quoted market prices in an active market. Debt securities represent investments in government and corporate bonds, as well as investments in bond funds, which have quoted market prices in an active market. Debt securities may also comprise investments in funds and direct investments. Real estate investments are investments into real estate funds which invest in a diverse range of real estate properties. Insurance contracts are customary pension insurance contracts structured under domestic law in the respective countries. Short-term investments are liquid assets or cash which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation. The other category includes commodities as well as alternative investments, including derivative financial instruments.

The pension plan assets include a self investment through a loan provided to Nokia by the Group's German pension fund of EUR 69 million (EUR 69 million in 2012). See Note 32.

Future Cash Flows

Employer contributions expected to be paid to the post-employment defined benefit plans relating to continued operations in 2014 are EUR 23 million and the weighted average duration of the defined benefit obligations was 13.9 years at December 31, 2013.

Expected maturity analysis of undiscounted payments from the defined benefit plans of the continued operations:

EURm	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 20 years	Over 20 years	Total
Pension benefits	34	150	264	826	1 840	3 114

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7. Expenses by nature

	2013 EURm	2012 EURm	2011 EURm
Continuing operations			
Cost of material	**2 835**	3 820	4 201
Personnel expenses	**3 857**	4 108	4 510
Subcontracting costs	**2 427**	3 070	2 742
Real estate costs	**351**	446	408
Depreciation and amortization	**560**	1 088	1 318
Warranty costs	**52**	21	59
Other costs and expenses	**1 572**	2 431	2 847
Total of Cost of sales, Research and development, Selling and marketing and Administrative and general expenses	**11 654**	14 984	16 085

8. Other income and expenses

	2013 EURm	2012 EURm	2011 EURm
Continuing operations			
Other income			
Distributions from unlisted venture funds	**97**	22	26
FX gain on hedging forecasted sales and purchases	**36**	26	2
Rental income	**25**	20	30
Profit on sale of other fixed assets	**26**	28	18
Gain on sale of real estate	**6**	79	9
Interest income from customer receivables and overdue payments	**27**	10	11
Pension curtailments	**—**	12	—
Other miscellaneous income	**55**	79	55
Other income, total	**272**	276	151
Other expenses			
Restructuring and associated charges	**(395)**	(1 174)	(169)
Country and contract exits	**(52)**	(42)	—
Divestment of businesses	**(157)**	(50)	(19)
Loss on sale of property, plant and equipment	**(20)**	(40)	(9)
Impairment of shares in associated companies	**—**	(8)	(41)
Other impairments	**(13)**	(29)	(66)
Sale of receivables transactions	**(53)**	(44)	(33)
Valuation allowances for doubtful accounts	**(30)**	(34)	33
FX loss on hedging forecasted sales and purchases	**(24)**	(18)	8
VAT and other indirect tax write-offs and provisions	**(37)**	(25)	(35)
Transaction costs related to the Sale of D&S business	**(18)**	—	—
Other miscellaneous expenses	**(9)**	(49)	(1)
Other expenses, total	**(808)**	(1 513)	(332)

In 2013, other expenses from continuing operations included restructuring and related charges of EUR 395 million, which consists primarily of employee termination benefits. Restructuring and related charges included EUR 361 million related to NSN, recorded within NSN, other, EUR 22 million related to HERE, EUR 2 million related to Advanced Technologies and EUR 10 million related to Corporate Common Functions, respectively.

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In 2012, other expenses included restructuring and related charges of EUR 1 174 million, which consists primarily of employee termination benefits. Restructuring and related charges included EUR 1 134 million related to NSN, EUR 31 million to HERE, EUR 3 million to Advanced Technologies and EUR 6 million related to Corporate Common Functions, respectively.

In 2011, other expenses included restructuring charges of EUR 169 million. Restructuring charges included EUR 126 million related to NSN, recorded within NSN other, EUR 25 million related to HERE, EUR 13 million to Advanced Technologies and EUR 5 million to Corporate Common Functions, respectively.

9. Impairment

	2013 EURm	2012 EURm	2011 EURm
Goodwill	**—**	—	1 090
Other intangible assets	**—**	8	2
Property, plant and equipment	**12**	23	10
Inventories	**—**	—	7
Investments in associated companies	**—**	8	41
Available-for-sale investments	**8**	31	94
Continued operations, net	**20**	70	1 244
Discontinued operations, net	**—**	39	94

Goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. As a result of the Sale of the D&S Business to Microsoft, as well as Nokia's acquisition of the Siemens' stake in NSN, the Group reviewed the structure of its CGUs.

In consequence of the Purchase Agreement with Microsoft, the Smart Devices and Mobile Phones CGUs have been combined to a single Devices & Services CGU and aligned with the scope of the business being sold. The goodwill previously allocated to the two separate CGUs was allocated to the combined CGU for impairment testing purposes in 2013. No goodwill was allocated to the new Advanced Technologies CGU.

In previous years, the Group had defined the NSN operating segment as a single CGU. As a consequence of Nokia's acquisition of the Siemens minority stake in NSN and the resulting change in reportable segments, the Group has identified two NSN related groups of CGUs to which goodwill has been allocated: Radio Access Networks within the Mobile Broadband operating segment and Global Services.

IAS 36 requires goodwill to be assessed annually for impairment unless triggering events are identified prior to the annual testing date that indicate a potential impairment, in which case an interim assessment is required. The annual impairment testing for the Devices & Services and HERE CGUs is performed as of October 1. The annual impairment testing for the NSN related groups of CGUs has been performed as of September 30. An additional impairment analysis specific to NSN CGUs was performed subsequently at November 30, 2013 to align the annual testing date with the NSN annual financial planning cycle. Management determined that the signing of the agreement with Microsoft for the Sale of the D&S Business constituted a triggering event requiring an interim impairment test for the

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Devices & Services and HERE CGUs. Accordingly, an interim review was performed in September 2013. No impairment charges were recorded for any of the CGUs as a result of either the interim or annual tests.

The Group allocated goodwill to the CGUs at each of the respective years' impairment testing date, as presented in the table below:

	2013	2012	2011
	EURm	EURm	EURm
Smart Devices[1]	**—**	899	862
Mobile Phones[1]	**—**	530	502
Devices & Services (discontinued operations)[1]	**1 417**	—	—
HERE			3
	3 219	3 270	274
Radio Access Networks in Mobile Broadband[2]	**88**	—	—
Global Services[2]	**91**	—	—
NSN[2]	**—**	183	173
Total	**4 815**	**4 882**	**4 811**

(1) Smart Devices and Mobile Phones CGUs have been combined to a single Devices & Services CGU in 2013.
(2) NSN has two groups of CGUs to which goodwill has been allocated in 2013.

The recoverable values of the Smart Devices and Mobile Phones CGUs, were previously valued on a value in use basis. Value in use was based on reasonable and supportable assumptions that represented management's best estimate of the economic circumstances that will prevail over the remaining life of an asset ("steady state"). During 2013, the Devices & Services CGU recoverable value was estimated based on the fair value less cost of disposal based on the agreed purchase price defined for the Sale of the D&S Business, excluding any consideration attributable to patents or patent applications.

The recoverable amounts for the HERE CGU, Radio Access Networks and Global Services group of CGUs are based on fair value less cost of disposal and were EUR 3 803 million, EUR 3 096 million and EUR 3 910 million, respectively, at the date of the 2013 annual impairment testing. The valuation methodologies have remained consistent from previous years. Fair value less cost of disposal was estimated using a discounted cash flow calculation. The cash flow projections employed in the discounted cash flow calculation have been determined by management based on the information available to reflect the amount that an entity could obtain from separate disposal of each of the CGUs, in an orderly transaction between market participants at the measurement date after deducting the estimated costs of disposal. The estimates of fair value less cost of disposal are categorized in the level 3 of the fair value hierarchy.

Discounted cash flows for the NSN groups of CGUs and HERE CGU were modeled over ten annual periods. The growth rates used in transitioning to terminal year reflect estimated long-term stable growth which do not exceed long-term average growth rates for the industry and economies in which the CGUs operate. All cash flow projections are consistent with external sources of information, wherever possible.

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The key assumptions applied in the 2013 impairment testing analysis for each CGU are presented in the table below. No information has been included for the Devices & Services CGU as the recoverable amount was not determined using a discounted cash flow analysis and the CGU is attributable to discontinued operations:

	Cash-generating unit							
	HERE		Radio Access Networks group of CGUs in Mobile Broadband[1]		Global Services group of CGUs[1]		NSN	
	%		%		%		%	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Terminal growth rate	**1.7**	1.7	**1.5**	—	**0.5**	—	**—**	0.7
Post-tax discount rate	**10.6**	9.9	**10.8**	—	**10.1**	—	**—**	10.3

(1) NSN CGU is divided into two groups of CGUs in 2013: Radio Access Networks group of CGUs within the Mobile Broadband operating segment and the Global Services group of CGUs.

Fair value less cost of disposal for the HERE CGU and Radio Access Networks and Global Services groups of CGUs are determined using post-tax valuation assumptions including projected cash flows and the discount rate.

The discount rates applied in the impairment testing for the above noted CGUs or groups of CGUs reflect current assessments of the time value of money and relevant market risk premiums. Risk premiums included in the determination of the discount rate reflect risks and uncertainties for which the future cash flow estimates have not been adjusted.

In the fourth quarter of 2011 the Group recorded an impairment loss of EUR 1 090 million to reduce the carrying amount of the HERE CGU to its recoverable amount at that time. The impairment loss was allocated in its entirety to the carrying amount of goodwill. The Group's goodwill impairment testing did not result in impairment charges for the years ended December 31, 2013 or 2012.

The recoverable amount of the HERE CGU exceeds its carrying amount by a small margin at the testing date. The related valuation is deemed most sensitive to the changes in both discount and long-term growth rates. A discount rate increase in excess of 0.5 percentage point or long-term growth decline in excess of 1.1 percentage point would result in impairment loss in the HERE CGU. Management's estimates of the overall automotive volumes and market share, customer adoption of the new location-based platform and related service offerings, projected value of the services sold to Microsoft and assumptions regarding pricing as well as continued focus on cost efficiency are the main drivers for the HERE net cash flow projections. The Group's cash flow forecasts reflect the current strategic views that license fee based models will remain important in both near and long term. Management expects that license fee based models which are augmented with software and services and monetized via license fees, transactions fees and advertising, will grow in the future as more customers demand complete, end-to-end location solutions and as cloud computing and cloud-based services garner greater market acceptance. Actual short and long-term performance could vary from management's forecasts and impact future estimates of recoverable value. Since the recoverable amount exceeds the carrying amount only by a small margin, any material adverse changes such as market deterioration or changes in the competitive landscape could impact management's estimates of the main drivers and result in impairment loss.

Other than as disclosed for the HERE CGU above, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any cash generating unit to exceed its recoverable amount.

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Other intangible assets

There were no impairment charges recognized during 2013.

During 2012, a charge of EUR 8 million was recorded on intangible assets attributable to the decision to transition certain operations into maintenance mode within NSN. These charges were recorded in other operating expenses.

Property, plant and equipment

During 2013 NSN recorded an impairment charge of EUR 6 million (EUR 23 million in 2012) on property, plant and equipment as a result of the re-measurement of the Optical Networks disposal group at fair value less cost of disposal. Furthermore, the Group recognized impairment losses of EUR 6 million related to certain properties attributable to Corporate Common Functions.

Investments in associated companies

No material impairment charges were recognized during 2013.

After application of the equity method, including recognition of the Group's share of results of associated companies, the Group determined that recognition of impairment losses of EUR 8 million in 2012 (EUR 41 million in 2011) was necessary to adjust the Group's investment in associated companies to its recoverable amount. The charges were recorded in other operating expense and are included in Corporate Common Functions.

Available-for-sale investments

The Group's investment in certain equity and interest-bearing securities held as available-for-sale suffered a significant or prolonged decline in fair value resulting in an impairment charge of EUR 8 million (EUR 31 million in 2012, EUR 94 million in 2011). These impairment losses are included within financial income and expenses and other operating expenses in the consolidated income statement. See also Note 12.

10. Acquisitions

Acquisitions completed in 2013

Acquisition of Siemens' non-controlling interest in NSN

On August 7, 2013 Nokia completed its acquisition of Siemens' 50% interest in their joint venture, Nokia Siemens Networks (renamed Nokia Solutions and Networks) for a consideration of EUR 1 700 million. Cash of EUR 1 200 million was paid at the closing of the transaction. The remaining EUR 500 million was financed through a secured loan from Siemens, which was repaid in September 2013. Transaction related costs amounted to EUR 7 million.

Upon closing, the parent entity of NSN business, Nokia Siemens Networks B.V., became wholly owned subsidiary of Nokia. Nokia continues to control and consolidate NSN results and financial position and the acquisition of Siemens' non-controlling interest is accounted for as an equity transaction. The transaction reduced the Group's equity by EUR 783 million, representing the difference between the carrying amount of Siemens' non-controlling interest on the date of the acquisition of EUR 924 million and the total consideration paid of EUR 1 707 million. The impact to individual shareholder's equity line items is presented in "Acquisition of non-controlling interest" line item in the consolidated statement of changes in shareholder's equity and in the accompanying notes.

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The transaction resulted in changes in the reporting structure of the NSN business, for further information refer to Note 2.

Acquisitions completed in 2012

During 2012, the Group completed minor acquisitions that did not have a material impact on the consolidated financial statements. The purchase consideration paid and the total of goodwill arising from these acquisitions amounted to EUR 56 million and EUR 45 million, respectively. The goodwill arising from these acquisitions is attributable to assembled workforce and post-acquisition synergies.

- Scalado AB, based in Lund, Sweden, provides and develops imaging software and experiences. The Group acquired imaging specialists, all technologies and intellectual property from Scalado AB on July 20, 2012.
- earthmine Inc., based in California, USA, develops systems to collect and process 3D imagery. The Group acquired a 100% ownership interest in earthmine on November 19, 2012.

11. Depreciation and amortization

	2013 EURm	2012 EURm	2011 EURm
Depreciation and amortization by function			
Cost of sales	**88**	119	151
Research and development[1]	**293**	525	586
Selling and marketing[2]	**95**	334	435
Administrative and general	**84**	110	146
Total	**560**	1 088	1 318

(1) In 2013, depreciation and amortization allocated to research and development included amortization of acquired intangible assets of EUR 188 million (EUR 375 million in 2012 and EUR 404 million in 2011).

(2) In 2013, depreciation and amortization allocated to selling and marketing included amortization of acquired intangible assets of EUR 93 million (EUR 313 million in 2012 and EUR 421 million in 2011).

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12. Financial income and expenses

	2013 EURm	2012 EURm	2011 EURm
Continuing operations			
Dividend income on available-for-sale financial investments	**1**	3	1
Interest income on available-for-sale financial investments[(1)]	**95**	119	169
Interest income on loans receivables carried at amortized cost	**7**	3	1
Interest income on investments at fair value through profit and loss	**6**	8	18
Net interest expense on derivatives not under hedge accounting	**(4)**	(4)	(12)
Interest expense on financial liabilities carried at amortized cost[(1)]	**(319)**	(263)	(255)
Net realised gains (losses) on disposal of fixed income available-for-sale financial investments	**2**	(1)	(4)
Net fair value gains (losses) on investments at fair value through profit and loss	**(29)**	27	102
Net gains (net losses) on other derivatives designated at fair value through profit and loss	**32**	(11)	(121)
Net fair value gains (losses) on hedged items under fair value hedge accounting	**69**	(15)	(82)
Net fair value gains (losses) on hedging instruments under fair value hedge accounting	**(63)**	23	72
Net foreign exchange gains (losses)[(2)]			
From foreign exchange derivatives designated at fair value through profit and loss	**(28)**	(42)	100
From balance sheet items revaluation	**(74)**	(223)	(90)
Other financial income[(3)]	**48**	51	48
Other financial expenses[(4)]	**(23)**	(32)	(78)
Total	**(280)**	(357)	(131)

(1) During 2013, interest income decreased mainly as a result of lower cash levels than in 2012 and lower interest rates in certain currencies where the Group has investments. Interest expense increased due to higher levels of borrowing as well as expenses related to funding the purchase of NSN non-controlling interest from Siemens. During 2012, interest income decreased mainly as a result of lower cash levels than in 2011 and lower interest rates in certain currencies where the Group has investments.

(2) During 2013 foreign exchange gains (or losses) were positively impacted by lower hedging costs than in 2012 as well as lower volatility of certain emerging market currencies. During 2012 foreign exchange gains (or losses) were negatively impacted by higher hedging costs than in 2011 as well as significant weakening of certain emerging market currencies.

(3) Other financial income includes distributions of EUR 44 million in 2013 (EUR 49 million in 2012 and EUR 45 million in 2011) from a private fund held as non-current available-for-sale investments.

(4) Other financial expenses include an impairment loss of EUR 0 million in 2013 (EUR 7 million in 2012 and EUR 38 million in 2011) in the Group's investment in the above mentioned private fund due to changes in estimated future cash flows resulting from distributions received as well as other factors. The Group did not recognize any impairment losses related to Asset Backed Securities in 2013 or 2012 in other financial expenses, whereas impairments for these securities amounted to EUR 15 million in 2011. Additional information can be found in Note 9 and Note 17.

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13. Income taxes

	2013 EURm	2012 EURm	2011 EURm
Continuing operations			
Income tax			
Current	**(354)**	(329)	(340)
Deferred	**152**	25	267
Total	**(202)**	(304)	(73)
Finnish entities	**(87)**	(147)	(102)
Other countries	**(115)**	(157)	29
Total	**(202)**	(304)	(73)

The differences between income tax expense computed at the statutory rate of 24.5% in 2013 and 2012 in Finland (26% in 2011) and income taxes recognized in the consolidated income statement is reconciled as follows:

	2013 EURm	2012 EURm	2011 EURm
Income tax expense (benefit) at statutory rate	**60**	(289)	(401)
Permanent differences	**(22)**	67	(98)
Non tax deductible impairment of goodwill (Note 9)	**—**	—	283
Income taxes for prior years	**(22)**	(78)	(16)
Income taxes on foreign subsidiaries' profits in excess of (lower than) income taxes at statutory rates	**5**	15	(22)
Realizability of deferred tax assets[1]	**138**	609	279
Net increase (decrease) in uncertain tax positions	**14**	(14)	3
Change in income tax rates	**7**	4	11
Income taxes on undistributed earnings	**(21)**	(24)	9
Other	**43**	14	25
Income tax expense	**202**	304	73

(1) This item primarily relates to NSN Finnish tax losses, unused tax credits and temporary differences for which no deferred tax was recognized. In 2012 this item also relates to NSN German tax losses and temporary differences for which no deferred tax was recognized.

Current income tax liabilities at December 31, 2013 include EUR 394 million (EUR 327 million in 2012) related to uncertain tax positions. The timing of outflows related to these matters is inherently uncertain.

Certain of the Group companies' income tax returns for prior periods are under examination by tax authorities. Our business and investments especially in emerging market countries may be subject to uncertainties, including unfavorable or unpredictable taxation treatment. Management judgment and a degree of estimation are required in determining tax expense. Even though the Group does not believe that any significant additional taxes in excess of those already provided for will arise as a result of the examinations, final resolutions of open items may substantially differ from the amounts initially recorded.

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14. Intangible assets

	2013 EURm	2012 EURm
Capitalized development costs		
Acquisition cost January 1	**1 028**	1 035
Transfer to assets held for sale	**(284)**	—
Retirements during the period	**(6)**	(7)
Accumulated acquisition cost December 31	**738**	1 028
Accumulated amortization January 1	**(1 028)**	(1 029)
Transfer to assets held for sale	**284**	—
Retirements during the period	**6**	7
Amortization for the period	**—**	(6)
Accumulated amortization December 31	**(738)**	(1 028)
Net book value January 1	**—**	6
Net book value December 31	**—**	—
Goodwill		
Acquisition cost January 1	**6 874**	6 836
Transfer to assets held for sale	**(1 428)**	—
Translation differences	**(153)**	(16)
Acquisitions	**—**	54
Accumulated acquisition cost December 31	**5 293**	6 874
Accumulated impairments January 1	**(1 998)**	(1 998)
Impairments during the period	**—**	—
Accumulated impairments December 31	**(1 998)**	(1 998)
Net book value January 1	**4 876**	4 838
Net book value December 31	**3 295**	4 876
Other intangible assets		
Acquisition cost January 1	**5 753**	5 877
Transfer to assets held for sale	**(282)**	—
Translation differences	**(127)**	(20)
Additions during the period	**24**	46
Acquisitions	**—**	11
Retirements during the period	**(92)**	(52)
Impairments during the period	**—**	(65)
Disposals during the period	**(62)**	(44)
Accumulated acquisition cost December 31	**5 214**	5 753
Accumulated amortization January 1	**(5 106)**	(4 471)
Transfer to assets held for sale	**245**	—
Translation differences	**107**	19
Retirements during the period	**89**	48
Impairments during the period	**—**	49
Disposals during the period	**57**	33
Amortization for the period	**(310)**	(784)
Accumulated amortization December 31	**(4 918)**	(5 106)
Net book value January 1	**647**	1 406
Net book value December 31	**296**	647

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15. Property, plant and equipment

	2013 EURm	2012 EURm
Land and water areas		
Acquisition cost January 1	**33**	62
Transfer to assets held for sale	**(6)**	—
Translation differences	**(1)**	—
Additions during the period	**4**	—
Impairments during the period	**(1)**	(4)
Disposals during the period	**(17)**	(25)
Accumulated acquisition cost December 31	**12**	33
Net book value January 1	**33**	62
Net book value December 31	**12**	33
Buildings and constructions		
Acquisition cost January 1	**1 129**	1 380
Transfer to assets held for sale	**(422)**	—
Translation differences	**(44)**	(1)
Additions during the period	**—**	80
Impairments during the period	**—**	(36)
Disposals during the period	**(327)**	(294)
Accumulated acquisition cost December 31	**336**	1 129
Accumulated depreciation January 1	**(469)**	(519)
Transfer to assets held for sale	**150**	—
Translation differences	**19**	(3)
Impairments during the period	**—**	15
Disposals during the period	**191**	134
Depreciation for the period	**(48)**	(96)
Accumulated depreciation December 31	**(157)**	(469)
Net book value January 1	**660**	861
Net book value December 31	**179**	660
Machinery and equipment		
Acquisition cost January 1	**3 694**	4 078
Transfer to assets held for sale	**(1 528)**	—
Translation differences	**(122)**	(1)
Additions during the period	**138**	329
Acquisitions	**—**	(8)
Impairments during the period	**(6)**	(131)
Disposals during the period	**(428)**	(573)
Accumulated acquisition cost December 31	**1 748**	3 694
Accumulated depreciation January 1	**(3 043)**	(3 257)
Transfer to assets held for sale	**1 335**	—
Translation differences	**107**	(1)
Impairments during the period	**—**	102
Disposals during the period	**397**	550
Depreciation for the period	**(200)**	(437)
Accumulated depreciation December 31	**(1 404)**	(3 043)

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	2013 EURm	2012 EURm
Net book value January 1	**651**	821
Net book value December 31	**344**	651
Other tangible assets		
Acquisition cost January 1	**44**	57
Transfer to assets held for sale	**(4)**	—
Translation differences	**(2)**	1
Additions during the period	**—**	6
Disposals during the period	**(10)**	(20)
Accumulated acquisition cost December 31	**28**	44
Accumulated depreciation January 1	**(30)**	(34)
Transfer to assets held for sale	**4**	—
Translation differences	**1**	(1)
Disposals during the period	**6**	8
Depreciation for the period	**(2)**	(3)
Accumulated depreciation December 31	**(21)**	(30)
Net book value January 1	**14**	23
Net book value December 31	**7**	14
Advance payments and fixed assets under construction		
Net carrying amount January 1	**73**	75
Translation differences	**(5)**	(4)
Additions	**11**	58
Acquisitions	**—**	—
Impairment	**—**	—
Disposals	**(3)**	(5)
Transfers/reclassifications:		
Other intangible assets	**—**	(8)
Land and water areas	**33**	—
Buildings and constructions	**31**	(23)
Machinery and equipment	**11**	(18)
Other tangible assets	**—**	(2)
Assets held for sale	**(127)**	—
Net carrying amount December 31	**24**	73
Total property, plant and equipment	**566**	1 431
Assets held for Sale		
Net carrying amount January 1	**—**	—
Additions during the period	**94**	—
Impairments during the period	**(5)**	—
Net carrying amount December 31	**89**	—

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16. Investments in associated companies

	2013 EURm	2012 EURm
Net carrying amount January 1	**58**	67
Translation differences	**(1)**	3
Additions	**9**	1
Deductions	**—**	(4)
Impairments (Note 9)	**—**	(8)
Share of results	**4**	(1)
Dividend	**(5)**	—
Net carrying amount December 31	**65**	58

Shareholdings in associated companies are comprised of investments in unlisted companies in all periods presented.

17. Fair value of financial instruments

Continuing operations	**Carrying amounts**					**Total carrying amounts**	**Fair value(1)**
At December 31, 2013	**Current available-for-sale financial assets**	**Non-current available-for-sale financial assets**	**Financial instruments at fair value through profit or loss**	**Loans and receivables measured at amortised cost**	**Financial liabilities measured at amortised cost**		
	EURm	**EURm**	**EURm**	**EURm**	**EURm**	**EURm**	**EURm**
Available-for-sale investments, publicly quoted equity shares	—	11	—	—	—	11	11
Available-for-sale investments, carried at fair value	—	503		—	—	503	503
Available-for-sale investments, carried at cost less impairment	—	227	—	—	—	227	227
Long-term loans receivable	—	—	—	96	—	96	85
Accounts receivable	—	—	—	2 901	—	2 901	2 901
Current portion of long-term loans receivable	—	—	—	29	—	29	29
Other current financial assets, derivatives	—	—	191	—	—	191	191
Other current financial assets, other	—	—	—	94	—	94	94
Investments at fair value through profit and loss, liquid assets	—	—	382	—	—	382	382
Available-for-sale investments, liquid assets carried at fair value	956	—	—	—	—	956	956
Available for-sale investments, cash equivalents carried at fair value	3 957	—	—	—	—	3 957	3 957
Total financial assets	**4 913**	**741**	**573**	**3 120**	**—**	**9 347**	**9 336**
	—	—	—	—	—	—	—
Long-term interest-bearing liabilities(2)	—	—	—	—	3 286	3 286	4 521
Current portion of long-term loans payable(2)	—	—	—	—	3 192	3 192	3 385
Short-term borrowing	—	—	—	—	184	184	184
Other financial liabilities	—	—	35	—	—	35	35
Accounts payable	—	—	—	—	1 842	1 842	1 842
Total financial liabilities	**—**	**—**	**35**	**—**	**8 504**	**8 539**	**9 967**

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At December 31, 2012	Carrying amounts: Current available-for-sale financial assets	Carrying amounts: Non-current available-for-sale financial assets	Carrying amounts: Financial instruments at fair value through profit or loss	Carrying amounts: Loans and receivables measured at amortised cost	Carrying amounts: Financial liabilities measured at amortised cost	Total carrying amounts	Fair value(1)
	EURm	EURm	EURm	EURm	EURm	EURm	EURm
Available-for-sale investments, publicly quoted equity shares	—	11	—	—	—	11	11
Available-for-sale investments, carried at fair value	—	447	—	—	—	447	447
Available-for-sale investments, carried at cost less impairment	—	231	—	—	—	231	231
Long-term loans receivable	—	—	—	125	—	125	113
Accounts receivable	—	—	—	5 551	—	5 551	5 551
Current portion of long-term loans receivable	—	—	—	35	—	35	35
Other current financial assets, derivatives	—	—	448	—	—	448	448
Other current financial assets, other	—	—	—	3	—	3	3
Investments at fair value through profit and loss, liquid assets	—	—	415	—	—	415	415
Available-for-sale investments, liquid assets carried at fair value	542	—	—	—	—	542	542
Available for-sale investments, cash equivalents carried at fair value	5 448	—	—	—	—	5 448	5 448
Total financial assets	**5 990**	**689**	**863**	**5 714**	**—**	**13 256**	**13 244**
Long-term interest-bearing liabilities(2)	—	—	—	—	5 087	5 087	5 298
Current portion of long-term loans payable(2)	—	—	—	—	201	201	201
Short-term borrowing	—	—	—	—	261	261	261
Other financial liabilities	—	—	90	—	—	90	90
Accounts payable	—	—	—	—	4 394	4 394	4 394
Total financial liabilities	**—**	**—**	**90**	**—**	**9 943**	**10 033**	**10 244**

(1) For information about the valuation of items measured at fair value see Note 1. The fair value is set to carrying amount for available-for-sale investments carried at cost less impairment for which no reliable fair value has been possible to estimate as there is no active market for these investments in private funds. Impairment testing of these assets is based on a discounted cash flow analysis of expected cash distributions. The fair value of loan receivables and payables is estimated based on the current market values of similar instruments. The fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities due to limited credit risk and short time to maturity.

(2) The fair value of EUR Convertible Bonds (total of EUR 1 500 million maturing 2018-2020) is based on the bonds being redeemed at par plus accrued interest at the close of the Sale of the D&S Business to Microsoft (level 3). The fair values of other long-term interest bearing liabilities are based on discounted cash flow analysis (level 2) or quoted prices (level 1).

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At the end of each reporting period Nokia categorizes its financial assets and liabilities to the appropriate level of fair value hierarchy. The following table presents the valuation methods used to determine fair values of financial instruments that are measured at fair value on a recurring basis:

At December 31, 2013	Instruments with quoted prices in active markets (Level 1) EURm	Valuation technique using observable data (Level 2) EURm	Valuation technique using non-observable data (Level 3) EURm	Total EURm
Available-for-sale investments, publicly quoted equity shares	11	—	—	11
Available-for-sale investments, carried at fair value	56	18	429	503
Other current financial assets, derivatives(1)	—	191	—	191
Investments at fair value through profit and loss, liquid assets	382	—	—	382
Available-for-sale investments, liquid assets carried at fair value	945	11	—	956
Available for-sale investments, cash equivalents carried at fair value	3 957	—	—	3 957
Total assets	5 351	220	429	6 000
Derivative liabilities(1)	—	35	—	35
Total liabilities	—	35	—	35

At December 31, 2012	Instruments with quoted prices in active markets (Level 1) EURm	Valuation technique using observable data (Level 2) EURm	Valuation technique using non-observable data (Level 3) EURm	Total EURm
Available-for-sale investments, publicly quoted equity shares	11	—	—	11
Available-for-sale investments, carried at fair value	57	20	370	447
Other current financial assets, derivatives(1)	—	448	—	448
Investments at fair value through profit and loss, liquid assets	415	—	—	415
Available-for-sale investments, liquid assets carried at fair value	532	10	—	542
Available for-sale investments, cash equivalents carried at fair value	5 448	—	—	5 448
Total assets	6 463	478	370	7 311
Derivative liabilities(1)	—	90	—	90
Total liabilities	—	90	—	90

(1) Note 18 includes the split of hedge accounted and non-hedge accounted derivatives.

Level 1 category includes financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. This category includes listed bonds and other securities, listed shares and exchange traded derivatives.

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Level 2 category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of the Nokia continuing operations' over-the-counter derivatives and certain other instruments not traded in active markets fall within this category.

Level 3 category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Nokia continuing operations. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

Level 3 investments mainly include a large number of unlisted equities and unlisted funds where fair value is determined based on relevant information such as operating performance, recent transactions and available market data on peer companies. No individual input has a significant impact on the total fair value. The following table shows a reconciliation of the opening and closing balances of Level 3 financial assets:

EURm	Other available-for-sale investments carried at fair value
Balance at December 31, 2011	**346**
Total losses in consolidated income statement	(8)
Total gains recorded in other comprehensive income	34
Purchases	41
Sales	(35)
Other transfers	(8)
Balance at December 31, 2012	**370**
Total gains in consolidated income statement	81
Total gains recorded in other comprehensive income	52
Purchases	47
Sales	(123)
Other transfers	2
Balance at December 31, 2013	**429**

The gains and losses from financial assets categorized in level 3 are included in other operating income and expenses as the investment and disposal objectives for these investments are business driven. A net loss of EUR 4 million (net loss of EUR 23 million in 2012) related to level 3 financial instruments held at December 31, 2013, was included in the profit and loss during 2013.

In the fourth quarter of 2013 management has concluded that certain real estate properties meet the criteria of assets held for sale. These long lived assets have been identified for disposal as part of the on-going restructuring activities. Nokia expects to realize the sale of these properties within the following twelve months. At December 31, 2013 the fair value of these assets is EUR 89 million. The valuation of these assets is based on third-party evaluations by real estate brokers taking into account

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Nokia's divestment strategy for these assets as well as relevant market dynamics. This evaluation includes non-market observable inputs and hence these assets are considered to be level 3 category assets that are measured at fair value on a non-recurring basis.

18. Derivative financial instruments

Continuing operations

2013	Assets Fair value[(1)] EURm	Assets Notional[(2)] EURm	Liabilities Fair value[(1)] EURm	Liabilities Notional[(2)] EURm
Hedges of net investment in foreign subsidiaries:				
Forward foreign exchange contracts	—	2 035	(3)	1 086
Currency options bought	1	152	—	—
Currency options sold	—	—	—	53
Cash flow hedges:				
Forward foreign exchange contracts	—	308	—	453
Fair value hedges				
Interest rate swaps	76	750	(3)	73
Cash flow and Fair value hedges: [(3)]				
Cross currency interest rate swaps	8	378	—	—
Derivatives not designated in hedge accounting relationships carried at fair value through profit and loss:				
Forward foreign exchange contracts	94	3 687	(7)	1 691
Currency options bought	5	332	—	—
Currency options sold	—	—	—	18
Interest rate swaps	7	109	(22)	249
	191	7 751	(35)	3 623

2012	Assets Fair value[(1)] EURm	Assets Notional[(2)] EURm	Liabilities Fair value[(1)] EURm	Liabilities Notional[(2)] EURm
Hedges of net investment in foreign subsidiaries:				
Forward foreign exchange contracts	24	2 164	(11)	1 182
Cash flow hedges:				
Forward foreign exchange contracts	7	2 968	(6)	3 158
Fair value hedges				
Interest rate swaps	174	1 626	—	—
Cash flow and Fair value hedges: [(3)]				
Cross currency interest rate swaps	42	378	—	—
Derivatives not designated in hedge accounting relationships carried at fair value through profit and loss:				
Forward foreign exchange contracts	185	7 111	(18)	3 337
Currency options bought	16	1 107	—	—
Currency options sold	—	—	(6)	289
Interest rate swaps	—	150	(48)	513
Other derivatives	—	—	(1)	9
	448	15 504	(90)	8 488

(1) In the consolidated statement of financial position the fair value of derivative financial instruments is included in Other financial assets and in Other financial liabilities.

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(2) Includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

(3) These cross-currency interest rate swaps have been designated partly as fair value hedges and partly as cash flow hedges.

19. Inventories

	2013 EURm	2012 EURm
Raw materials, supplies and other	**147**	409
Work in progress	**136**	352
Finished goods	**521**	777
Total	**804**	1 538

The total amount of inventories included within Assets of disposal groups classified as held for sale at December 31, 2013, net of write-downs to the net realizable value, is EUR 347 million.

During 2012 the Group recognized an expense of EUR 55 million (EUR 0 million in 2011) to write-down the inventories to net realizable value. The write-down relates to discontinued operations inventories.

20. Prepaid expenses and accrued income

	2013 EURm	2012 EURm
Social security, VAT and other indirect taxes	**286**	875
Deposits	**43**	71
Interest income	**33**	45
Deferred cost of sales	**14**	145
Rents	**15**	34
Other prepaid expenses and accrued income	**269**	1 512
Total	**660**	2 682

Prepaid expenses and accrued income also include various other prepaid expenses and accrued income, but no amounts which are individually significant.

Total amount of prepaid expenses and accrued income included within Assets of disposal groups classified as held for sale at December 31, 2013, is EUR 1 716 million, of which EUR 829 million relates to the Qualcomm advance payment.

Prepaid expenses and accrued income regarding current tax are included in Current income tax assets in the consolidated statement of financial position in 2013, and have also been reclassified for comparability purposes in 2012.

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21. Valuation and qualifying accounts

Allowances on assets to which they apply:	Balance at beginning of year EURm	Transfer to discontinued operations	Charged to costs and expenses EURm	Deductions[(1)] EURm	Balance at end of year EURm
2013					
Allowance for doubtful accounts	248	(120)	40	(44)	124
Excess and obsolete inventory	471	(192)	39	(140)	178
2012					
Allowance for doubtful accounts	284	—	53	(89)	248
Excess and obsolete inventory	457	—	403	(389)	471
2011					
Allowance for doubtful accounts	363	—	131	(210)	284
Excess and obsolete inventory	301	—	345	(189)	457

(1) Deductions include utilization and releases of the allowances.

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22. Fair value and other reserves

	Pension Remeasurements, EURm			Hedging reserve, EURm			Available-for-sale investments, EURm			Fair value and other reserves total, EURm		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
Balance at December 31, 2010	10	(4)	6	(30)	3	(27)	26	4	30	6	3	9
Pension Remeasurements:												
Remeasurements of defined benefit plans	(36)	12	(24)	—	—	—	—	—	—	(36)	12	(24)
Cash flow hedges:												
Net fair value gains/(losses)	—	—	—	106	(25)	81	—	—	—	106	(25)	81
Transfer of (gains)/losses to profit and loss account as adjustment to Net sales	—	—	—	(166)	42	(124)	—	—	—	(166)	42	(124)
Transfer of (gains)/losses to profit and loss account as adjustment to Cost of sales	—	—	—	162	(36)	126	—	—	—	162	(36)	126
Transfer of (gains)/losses as a basis adjustment to Assets and Liabilities[(1)]	—	—	—	14	(3)	11	—	—	—	14	(3)	11
Available-for-sale Investments:												
Net fair value gains/(losses)	—	—	—	—	—	—	67	—	67	67	—	67
Transfer to profit and loss account on impairment	—	—	—	—	—	—	22	(2)	20	22	(2)	20
Transfer of net fair value (gains)/losses to profit and loss account on disposal	—	—	—	—	—	—	(19)	(1)	(20)	(19)	(1)	(20)
Movements attributable to non-controlling interests	24	(7)	17	(8)	(2)	(10)	—	—	—	16	(9)	7
Balance at December 31, 2011	(2)	1	(1)	78	(21)	57	96	1	97	172	(19)	153
Pension Remeasurements:												
Remeasurements of defined benefit plans	(228)	22	(206)	—	—	—	—	—	—	(228)	22	(206)
Cash flow hedges:												
Net fair value gains/(losses)	—	—	—	(25)	21	(4)	—	—	—	(25)	21	(4)
Transfer of (gains)/losses to profit and loss account as adjustment to Net sales	—	—	—	390	—	390	—	—	—	390	—	390
Transfer of (gains)/losses to profit and loss account as adjustment to Cost of sales	—	—	—	(406)	—	(406)	—	—	—	(406)	—	(406)
Transfer of (gains)/losses as a basis adjustment to Assets and Liabilities[(1)]												
Available-for-sale Investments:												
Net fair value gains/(losses)	—	—	—	—	—	—	32	1	33	32	1	33
Transfer to profit and loss account on impairment	—	—	—	—	—	—	24	—	24	24	—	24
Transfer of net fair value (gains)/losses to profit and loss account on disposal	—	—	—	—	—	—	(21)	—	(21)	(21)	—	(21)
Movements attributable to non-controlling interests	83	(4)	79	(47)		(47)	—	—	—	36	(4)	32
Balance at December 31, 2012	(147)	19	(128)	(10)	—	(10)	131	2	133	(26)	21	(5)

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	Pension Remeasurements, EURm			Hedging reserve, EURm			Available-for-sale investments, EURm			Fair value and other reserves total, EURm		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
Balance at December 31, 2012	(147)	19	(128)	(10)	—	(10)	131	2	133	(26)	21	(5)
Pension Remeasurements:												
Transfer to discontinued operations(2)	31	(11)	20	—	—	—	—	—	—	31	(11)	20
Remeasurements of defined benefit plans	114	(6)	108	—	—	—	—	—	—	114	(6)	108
Cash flow hedges:												
Transfer to discontinued operations(2)	—	—	—	48	—	48	—	—	—	48	—	48
Net fair value gains/(losses)	—	—	—	124	—	124	—	—	—	124	—	124
Transfer of (gains)/losses to profit and loss account as adjustment to Net sales	—	—	—	(130)	—	(130)	—	—	—	(130)	—	(130)
Transfer of (gains)/losses to profit and loss account as adjustment to Cost of sales	—	—	—	(23)	—	(23)	—	—	—	(23)	—	(23)
Transfer of (gains)/losses as a basis adjustment to Assets and Liabilities(1)	—	—	—	—	—	—	—	—	—	—	—	—
Available-for-sale Investments:												
Net fair value gains/(losses)	—	—	—	—	—	—	139	—	139	139	—	139
Transfer to profit and loss account on impairment	—	—	—	—	—	—	5	—	5	5	—	5
Transfer of net fair value (gains)/losses to profit and loss account on disposal	—	—	—	—	—	—	(95)	—	(95)	(95)	—	(95)
Acquisition of non-controlling interest	(63)	3	(60)	44	—	44	(1)	—	(1)	(20)	3	(17)
Movements attributable to non-controlling interests	(28)	3	(25)	(6)	—	(6)	—	—	—	(34)	3	(31)
Balance at December 31, 2013(2)	(93)	8	(85)	47	—	47	179	2	181	133	10	143

(1) The adjustments relate to acquisitions completed in 2011.

(2) Movements in 2013 after transfer to discontinued operations represents movements of continuing operations and the balance at December 31, 2013 represents the balance of continuing operations.

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23. Translation differences

	Translation differences, EURm			Net investment hedging, EURm			Translation differences total, EURm		
	Gross	Tax	Net	Gross	Tax	Net	Gross	Tax	Net
Balance at December 31, 2010	**944**	**4**	**948**	**(174)**	**51**	**(123)**	**770**	**55**	**825**
Translation differences:									
Currency translation differences	17	—	17	—	—	—	17	—	17
Transfer to profit and loss (financial income and expense)	(8)	—	(8)	—	—	—	(8)	—	(8)
Net investment hedging:									
Net investment hedging gains/(losses)	—	—	—	(37)	9	(28)	(37)	9	(28)
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Movements attributable to non-controlling interests	(35)	—	(35)	—	—	—	(35)	—	(35)
Balance at December 31, 2011	**918**	**4**	**922**	**(211)**	**60**	**(151)**	**707**	**64**	**771**
Translation differences:									
Currency translation differences	42	(1)	41	—	—	—	42	(1)	41
Transfer to profit and loss (financial income and expense)	(1)	—	(1)	—	—	—	(1)	—	(1)
Net investment hedging:									
Net investment hedging gains/(losses)	—	—	—	(58)	(9)	(67)	(58)	(9)	(67)
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Movements attributable to non-controlling interests	2	—	2	—	—	—	2	—	2
Balance at December 31, 2012	**961**	**3**	**964**	**(269)**	**51**	**(218)**	**692**	**54**	**746**
Translation differences:									
Currency translation differences	(496)	—	(496)	—	—	—	(496)	—	(496)
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Net investment hedging:									
Net investment hedging gains/(losses)	—	—	—	114	—	114	114	—	114
Transfer to profit and loss (financial income and expense)	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interest	42	—	42	—	—	—	42	—	42
Movements attributable to non-controlling interests	28	—	28	—	—	—	28	—	28
Balance at December 31, 2013	**535**	**3**	**538**	**(155)**	**51**	**(104)**	**380**	**54**	**434**

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24. The shares of the Parent Company

Nokia shares and shareholders

Shares and share capital

Nokia has one class of shares. Each Nokia share entitles the holder to one vote at General Meetings of Nokia.

On December 31, 2013, the share capital of Nokia Corporation was EUR 245 896 461.96 and the total number of shares issued was 3 744 994 342.

On December 31, 2013, the total number of shares included 32 567 617 shares owned by Group companies representing approximately 0.9% of the share capital and the total voting rights.

Under the Articles of Association of Nokia, Nokia Corporation does not have minimum or maximum share capital or a par value of a share.

Authorizations

Authorization to increase the share capital

At the Annual General Meeting held on May 6, 2010, Nokia shareholders authorized the Board of Directors to issue a maximum of 740 million shares through one or more issues of shares or special rights entitling to shares, including stock options. The Board of Directors may issue either new shares or shares held by the Parent Company. The authorization includes the right for the Board to resolve on all the terms and conditions of such issuances of shares and special rights, including to whom the shares and the special rights may be issued. The authorization may be used to develop the Parent Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Parent Company's equity-based incentive plans, or for other purposes resolved by the Board. This authorization would have been effective until June 30, 2013 as per the resolution of the Annual General Meeting on May 6, 2010, but it was terminated by the resolution of the Annual General Meeting on May 7, 2013.

On October 26, 2012 Nokia issued a EUR 750 million convertible bond on the basis of the authorization granted by the Annual General Meeting held on May 6, 2010. The bonds have maturity of 5 years and a 5.00% per annum coupon payable semi-annually with an initial conversion price of EUR 2. 6116. The maximum number of shares which may be issued by Nokia upon conversion of all the Bonds (based on the initial conversion price) is approximately 287.2 million shares. The right to convert the bonds into shares commenced on December 6, 2012, and ends on October 18, 2017. On March 15, 2013 EUR 0.1 million of the bond was converted into shares resulting in issuance of 38 290 shares.

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to issue a maximum of 740 million shares through one or more issues of shares or special rights entitling to shares, including stock options. The Board of Directors may issue either new shares or shares held by the Parent Company. The authorization includes the right for the Board to resolve on all the terms and conditions of such issuances of shares and special rights, including to whom the shares and the special rights may be issued. The authorization may be used to develop the Parent Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Parent Company's equity-based incentive plans, or for other purposes resolved by the Board. The authorization is effective until June 30, 2016.

On September 23, 2013 Nokia issued three EUR 500 million tranches of convertible bonds on the basis of the authorization granted by the Annual General Meeting held on May 7, 2013. First EUR 500 million bonds had maturity of 5 years and a 1.125% per annum coupon payable semi-annually with an initial conversion price of EUR 3.9338. The second EUR 500 million bonds had maturity of 6 years and a 2.5% per annum coupon payable semi-annually with an initial conversion price of EUR 4.0851. The third EUR 500 million bonds had maturity of 7 years and a 3.625% per annum coupon payable semi-annually with an initial conversion price of EUR 4.2364.

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The maximum number of shares which might have been issued by Nokia upon conversion of all the Bonds (based on the initial conversion price of each tranche) was approximately 367.5 million. At the closing of the Sale of the D&S Business, the Bonds were redeemed and the principal amount and accrued interest netted against the Sale of the D&S Business proceeds.

At the end of 2013, the Board of Directors had no other authorizations to issue shares, convertible bonds, warrants or stock options.

Other authorizations

At the Annual General Meeting held on May 3, 2012, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 360 million Nokia shares by using funds in the unrestricted equity. Nokia did not repurchase any shares on the basis of this authorization. This authorization would have been effective until June 30, 2013 as per the resolution of the Annual General Meeting on May 3, 2012, but it was terminated by the resolution of the Annual General Meeting on May 7, 2013.

At the Annual General Meeting held on May 7, 2013, Nokia shareholders authorized the Board of Directors to repurchase a maximum of 370 million Nokia shares by using funds in the unrestricted equity. The amount of shares corresponds to less than 10% of all the shares of the Parent Company. The shares may be repurchased under the buyback authorization in order to develop the capital structure of the Parent Company. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Parent Company's equity-based incentive plans, to be transferred for other purposes, or to be cancelled. The authorization is effective until June 30, 2014.

Authorizations proposed to the Annual General Meeting 2014

On April 29, 2014, Nokia announced that the Board of Directors will propose that the Annual General Meeting convening on June 17, 2014 authorize the Board to resolve to repurchase a maximum of 370 million Nokia shares. The proposed maximum number of shares that may be repurchased corresponds to less than 10% of all the shares of the Company. The shares may be repurchased in order to develop the capital structure of the Company and are expected to be cancelled. In addition, shares may be repurchased in order to finance or carry out acquisitions or other arrangements, to settle the Company's equity-based incentive plans, or to be transferred for other purposes. The shares may be repurchased either through a tender offer made to all shareholders on equal terms, or in such marketplaces the rules of which allow companies to trade with their own shares. The authorization would be effective until December 17, 2015 and terminate the current authorization for repurchasing of the Company's shares resolved at the Annual General Meeting on May 7, 2013.

Nokia also announced on April 29, 2014 that the Board of Directors will propose to the Annual General Meeting to be held on June 18, 2014 that the Annual General Meeting authorize the Board to resolve to issue a maximum of 740 million shares through issuance of shares or special rights entitling to shares in one or more issues. The Board may issue either new shares or shares held by the Company. The Board proposes that the authorization may be used to develop the Company's capital structure, diversify the shareholder base, finance or carry out acquisitions or other arrangements, settle the Company's equity-based incentive plans, or for other purposes resolved by the Board. The proposed authorization includes the right for the Board to resolve on all the terms and conditions of the issuance of shares and special rights entitling to shares, including issuance in deviation from the shareholders' pre-emptive rights. The authorization would be effective until December 17, 2015 and terminate the current authorization granted by the Annual General Meeting on May 7, 2013.

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25. Share-based payment

The Group has several equity-based incentive programs for employees. The plans include performance share plans, stock option plans and restricted share plans. Both executives and employees participate in these programs. In years presented Nokia global equity-based incentive programs have been offered to employees of Devices & Services business, HERE, Advanced Technologies and Corporate Common Functions, but not to employees of NSN due to the previous ownership structure of NSN business.

The equity-based incentive grants are generally conditional upon continued employment as well as fulfillment of such performance, service and other conditions, as determined in the relevant plan rules.

The share-based compensation expense for all equity-based incentive awards for Nokia continuing operations amounted to EUR 42 million in 2013 (EUR 11 million in 2012 and EUR 6 million in 2011).

Stock options

During 2013 Nokia administered two global stock option plans, the Stock Option Plans 2007 and 2011, each of which, including its terms and conditions, has been approved by the shareholders at the Annual General Meeting in the year when the plan was launched.

Each stock option entitles the holder to subscribe for one new Nokia share. The stock options are non-transferable and may be exercised for shares only. Shares subscribed under global stock option plans will be eligible for dividend for the financial year in which the subscription takes place. Other shareholder rights commence on the date on which the subscribed shares are entered in the Trade Register. The stock option grants are generally forfeited if the employment relationship terminates with Nokia. Unvested stock options for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

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Total stock options outstanding as at December 31, 2013[1]

	Number of shares	Weighted average exercise price EUR	Weighted average share price EUR	Weighted average grant date fair value[2]
Shares under option at January 1, 2011	**21 945 296**	**14.04**		
Granted	11 801 907	5.50		0.92
Exercised	6 208	5.07	7.69	
Forfeited	2 441 876	9.05		
Expired	7 909 089	17.53		
Shares under option at December 31, 2011	**23 390 030**	**9.07**		
Granted	10 258 400	2.32		0.76
Exercised	627	0.97	2.08	
Forfeited	4 246 222	6.60		
Expired	3 555 213	15.26		
Shares under option at December 31, 2012	**25 846 368**	**5.95**		
Granted	8 334 200	2.77		1.23
Exercised	—		—	
Forfeited	3 705 512	4.06		
Expired	2 474 864	14.78		
Shares under option at December 31, 2013	**28 000 192**	**4.47**		
Options exercisable at December 31, 2010 (shares)	11 376 937	17.07		
Options exercisable at December 31, 2011 (shares)	6 904 331	14.01		
Options exercisable at December 31, 2012 (shares)	5 616 112	11.96		
Options exercisable at December 31, 2013 (shares)	4 339 341	9.66		

(1) Includes also stock options granted under other than global equity plans, however excluding the NSN share-based incentive program.

(2) Fair value of stock options is calculated using the Black-Scholes model.

Performance shares

During 2013 Nokia administered four global performance share plans, the Performance Share Plans of 2010, 2011, 2012 and 2013 each of which, including its terms and conditions, has been approved by the Board of Directors.

The performance shares represent a commitment by Nokia Corporation to deliver Nokia shares to employees at a future point in time, subject to Nokia's fulfillment of pre-defined performance criteria. No performance shares will vest unless the Group's performance reaches at least one of the threshold levels measured by two independent, pre-defined performance criteria related to net sales and earnings per share ("EPS").

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The 2010 and 2011 plans have a three-year performance period. The shares vest after the respective performance period. The 2012 and 2013 plans have a two-year performance period and a subsequent one-year restriction period, after which the shares vest. Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights associated with the performance shares. The performance share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting. Unvested performance shares for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

The following table summarizes our global performance share plans.

Plan	Performance shares outstanding at threshold[(1)]	Number of participants (approx.)	Performance period	Settlement
2010	—	3 000	2010-2012	2013
2011	—	2 200	2011-2013	2014
2012	4 476 263	2 800	2012-2013[(2)]	2015
2013	6 513 941	3 500	2013-2014[(3)]	2016

(1) Shares under Performance Share Plan 2011 vested on December 31, 2013 and are therefore not included in the outstanding numbers. Shares under Performance Share Plan 2012 are outstanding, however there will be no settlement under the Performance Share Plan 2012 as neither of the performance criteria of the plan was met.

(2) Performance Share Plan 2012 has a two-year performance period with an additional one-year restriction period.

(3) Performance Share Plan 2013 has a two-year performance period with an additional one-year restriction period.

Performance Shares Outstanding as at December 31, 2013[(1)]

	Number of performance shares at threshold	Weighted average grant date fair value EUR[(2)]
Performance shares at January 1, 2011	**5 720 123**	
Granted	5 410 211	3.66
Forfeited	1 538 377	
Vested[(3)]	2 009 423	
Performance shares at December 31, 2011	**7 582 534**	
Granted	5 785 875	1.33
Forfeited	2 718 208	
Vested[(4)]	2 076 116	
Performance shares at December 31, 2012	**8 574 085**	
Granted	6 696 241	2.96
Forfeited	1 512 710	
Vested[(5)]	2 767 412	
Performance shares at December 31, 2013	**10 990 204**	

(1) Includes also performance shares granted under other than global equity plans. For further information see "Other equity plans for employees" below.

(2) The fair value of performance shares is estimated based on the grant date market price of the Nokia share less the present value of dividends expected to be paid during the vesting period.

(3) Includes performance shares under Performance Share plan 2009 that vested on December 31, 2011. There was no settlement under this plan as neither of the threshold performance criteria was met.

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(4) Includes performance shares under Performance Share plan 2010 that vested on December 31, 2012. Includes shares receivable through the one-time special CEO incentive program that vested on December 31, 2012, there was no settlement under the one-time special CEO incentive program as the performance criteria were not met.

(5) Includes performance shares under Performance Share plan 2011 that vested on December 31, 2013.

There was no settlement under the Performance Share Plan 2011 and there will be no settlement under the Performance Share Plan 2012 as neither of the threshold performance criteria linked to EPS and Average Annual Net Sales Revenue of these plans were met.

Restricted Shares

During 2013, Nokia administered four global restricted share plans, the Restricted Share Plan 2010, 2011, 2012 and 2013, each of which, including its terms and conditions, has been approved by the Board of Directors.

Restricted Shares are used on a selective basis to ensure retention and recruitment of individuals with functional mastery and other employees deemed critical to Nokia's future success.

All of the Group's restricted share plans have a restriction period of three years after grant. Until the Nokia shares are delivered, the participants will not have any shareholder rights, such as voting or dividend rights, associated with the restricted shares. The restricted share grants are generally forfeited if the employment relationship terminates with Nokia prior to vesting. Unvested restricted shares for employees who have transferred to Microsoft following the sale of Devices & Services business have been forfeited.

Restricted Shares Outstanding as at December 31, 2013[1]

	Number of Restricted Shares	Weighted average grant date fair value EUR[2]
Restricted Shares at January 1, 2011	**12 359 896**	
Granted	8 024 880	3.15
Forfeited	2 063 518	
Vested	1 735 167	
Restricted Shares at December 31, 2011[3]	**16 586 091**	
Granted	12 999 131	1.76
Forfeited	4 580 182	
Vested	1 324 508	
Restricted Shares at December 31, 2012[4]	**23 680 532**	
Granted	12 347 931	3.05
Forfeited	3 490 913	
Vested	2 180 700	
Restricted Shares at December 31, 2013[5]	**30 356 850**	

(1) Includes also restricted shares granted under other than global equity plans.

(2) The fair value of restricted shares is estimated based on the grant date market price of the Nokia share less the present value of dividends, if any, expected to be paid during the vesting period.

(3) Includes 901 900 restricted shares granted in Q4 2008 under Restricted Share Plan 2008 that vested on January 1, 2012.

(4) Includes 1 960 700 restricted shares granted in Q4 2009 under Restricted Share Plan 2009 that vested on January 1, 2013.

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(5) Includes 2 409 700 restricted shares granted in Q4 2010 under Restricted Share Plan 2010 that vested on January 1, 2014.

Other equity plans for employees

During 2011-2012, Nokia had a one-time special CEO incentive program designed to align Mr. Elop's compensation to increased shareholder value and to link a meaningful portion of CEO's compensation directly to the performance of Nokia's share price over the period of 2011-2012. Mr. Elop had the opportunity to earn 125 000 – 750 000 Nokia shares at the end of 2012 based on two independent criteria: Total Shareholder Return relative to a peer group of companies over the two-year period and Nokia's absolute share price at the end of 2012. As the minimum performance for neither of the two performance criterion was reached, no share delivery took place.

NSN established a share-based incentive program in 2012 under which options for Nokia Solutions and Networks B.V. shares are granted to selected NSN senior management and key employees. The options generally become exercisable on the fourth anniversary of the grant date or, if earlier, on the occurrence of certain corporate transactions, such as an initial public offering. The exercise price of the options is based on a per share value on grant as determined for the purposes of the incentive program. The options will be cash-settled at exercise unless an IPO has taken place, at which point they would be converted into equity-settled options. The options are accounted for as a cash-settled share-based payment liability based on the circumstances at December 31, 2013. The fair value of the liability is determined based on the estimated fair value of shares less the exercise price of the options on the reporting date. The total carrying amount for liabilities arising from share-based payment transactions is EUR 41 million at December 31, 2013 (EUR 11 million in 2012) and is included in accrued expenses and other liabilities in the consolidated statement of financial position.

In 2013, Nokia introduced a voluntary Employee Share Purchase Plan, which was offered in 2013 to Nokia employees working for Devices & Services business, HERE, Advanced Technologies and Corporate Common Functions. Under the plan employees make monthly contributions from their salary to purchase Nokia shares on a monthly basis during a 12-month savings period. Nokia offers one matching share for every two purchased shares the employee still holds after the last monthly purchase has been made in June 2014. Employees who have transferred to Microsoft following the Sale of Devices & Services business will receive a cash settlement under the plan.

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26. Deferred taxes

	2013 EURm	2012 EURm
Deferred tax assets:		
Intercompany profit in inventory	**48**	58
Tax losses carried forward and unused tax credits	**446**	564
Warranty provision	**6**	47
Other provisions	**120**	261
Depreciation differences	**660**	893
Other temporary differences	**102**	145
Reclassification due to netting of deferred taxes	**(492)**	(689)
Total deferred tax assets	**890**	1 279
Deferred tax liabilities:		
Depreciation differences and untaxed reserves	**(609)**	(893)
Undistributed earnings	**(68)**	(313)
Other temporary differences	**(10)**	(184)
Reclassification due to netting of deferred taxes	**492**	689
Total deferred tax liabilities	**(195)**	(701)
Net deferred tax asset	**695**	578
Tax charged to equity	**6**	3

At December 31, 2013 the Group had tax losses carry forward of EUR 6 295 million (EUR 6 528 million in 2012) of which EUR 5 117 million will expire within 10 years (EUR 4 554 million in 2012).

At December 31, 2013 the Group had tax losses carry forward, temporary differences and tax credits of EUR 10 693 million (EUR 10 446 million in 2012) for which no deferred tax asset was recognized due to uncertainty of utilization of these items. EUR 4 882 million of those will expire within 10 years (EUR 4 392 million in 2012).

The recognition of the remaining deferred tax assets is supported by offsetting deferred tax liabilities, earnings history and profit projections in the relevant jurisdictions.

At December 31, 2013 the Group had undistributed earnings of EUR 614 million (EUR 347 million in 2012) on which no deferred tax liability has been formed as these will not reverse in the foreseeable future.

27. Accrued expenses and other liabilities

	2013 EURm	2012 EURm
Advance payments and deferred revenue	**1 163**	1 747
Wages and salaries	**710**	1 031
Social security, VAT and other indirect taxes	**312**	555
NSN customer project related	**234**	378
Other	**614**	2 512
Total	**3 033**	6 223

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Other accruals include accrued discounts, royalties, research and development expenses, marketing expenses and interest expenses as well as various amounts which are individually insignificant.

Accrued expenses and other liabilities of disposal groups classified as held for sale at December 31, 2013 were EUR 2 113 million.

Accrued current tax liabilities are presented separately in the consolidated statement of financial position in 2013 and have also been reclassified for comparability purposes in 2012.

28. Provisions

	Restructuring EURm	Project losses	Warranty EURm	Material liability EURm	IPR infringements EURm	Other EURm	Total EURm
At January 1, 2012	483	205	688	125	431	396	2 328
Exchange differences	—	—	3	4	—	(7)	—
Additional provisions	1 566	247	340	300	38	51	2 542
Changes in estimates	(124)	(65)	(28)	(85)	(63)	(61)	(426)
Charged to profit and loss account	1 442	182	312	215	(25)	(10)	2 116
Utilized during year	(1 178)	(238)	(596)	(102)	(18)	(20)	(2 152)
At December 31, 2012	747	149	407	242	388	359	2 292
Transfer to liabilities of disposal groups held for sale[(1)]	(165)	—	(333)	(207)	(371)	(214)	(1 290)
Exchange differences	(2)	—	(2)	—	—	(10)	(14)
Additional provisions	283	170	65	6	—	107	631
Changes in estimates	(38)	(57)	(12)	(6)	(1)	(13)	(127)
Charged to profit and loss account	245	113	53	0	(1)	94	504
Utilized during year	(382)	(110)	(31)	(16)	(1)	(30)	(570)
At December 31, 2013	**443**	**152**	**94**	**19**	**15**	**199**	**922**

(1) Provision balances before movements during the year.

	2013 EURm	2012 EURm
Analysis of total provisions at December 31:		
Non-current	**242**	304
Current	**680**	1 988

The restructuring provision in 2013 is mainly related to restructuring activities in NSN. In 2013, the remaining balance of NSN's restructuring provision is EUR 437 million (EUR 568 million in 2012). The majority of outflows related to the restructuring is expected to occur over the next two years.

Restructuring and other associated expenses incurred in NSN in 2013, including mainly personnel related expenses as well as expenses arising from the country and contract exits based on NSN strategy that focuses on key markets and product segments and costs incurred in connection with the divestments of businesses totaled EUR 570 million (EUR 1 226 million in 2012).

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In 2013, the remaining balance of HERE's restructuring provision is EUR 4 million. In addition to the plans announced in 2011 and 2012, HERE announced during 2013 further plans to reduce its workforce in the map data collection and processing areas of its business.

Provisions for losses on projects in progress are related to NSN onerous contracts. Utilization of provisions for project losses is generally expected to occur in the next 12 months.

Outflows for the warranty provision are generally expected to occur within the next 18 months.

Material liability provision relates to non-cancellable purchase commitments with suppliers. The outflows are expected to occur over the next 12 months.

The IPR provision is based on estimated potential future settlements for asserted past IPR infringements. Final resolution of IPR claims generally occurs over several periods.

Other provisions include provisions for various contractual obligations and litigations. Outflows for other provisions are generally expected to occur over the next two years. Provisions for project losses and other provisions include amounts recorded for claims related to the exit from various customer contracts in line with the NSN strategic focus or due to challenging political or business environments. Such provisions are estimated based on the information currently available and are subject to change as negotiations with customers, trade sanctions environment, or other related circumstances evolve.

Uncertain income tax positions regarding current tax are included in Current income tax liabilities in the consolidated statement of financial position in 2013 and have also been reclassified for comparability purposes in 2012.

Provisions included in Liabilities of disposal groups classified as held for sale at December 31, 2013 were EUR 1 013 million.

Legal Matters

A number of Nokia companies are, and will likely continue to be, subject to various legal proceedings and investigations that arise from time to time, including proceedings regarding intellectual property, product liability, sales and marketing practices, commercial disputes, employment, and wrongful discharge, antitrust, securities, health and safety, environmental, tax, international trade and privacy matters. As a result, the Group may become subject to substantial liabilities that may not be covered by insurance and could affect our business and reputation. While Nokia does not believe that any of these legal proceedings will a have a material adverse effect on its financial position, litigation is inherently unpredictable and large judgments sometimes occur. As a consequence, Nokia may in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations and cash flow.

Taxation Related Litigation and Proceedings

Tax proceedings in India

During early 2013 Nokia became subject to a tax investigation in India, focusing on Indian withholding tax consequences of payments made within Nokia for the supply of operating software from its parent company in Finland. Subsequently, Indian authorities have extended the investigation to other related tax consequences, such as allegations claiming that Nokia Corporation would have a permanent establishment in India for taxation purposes, transfer pricing aspects and potential non-deductibility of

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certain software payments for Indian corporate tax purposes. While raising these claims and arguing based on potential future claims against Nokia India Private Limited and the parent company Nokia Corporation, Indian authorities have also placed liens on Nokia India Private Limited's and Nokia Corporation's assets in India. These liens have prevented Nokia from transferring the Chennai factory and selected other Indian assets to Microsoft in connection with the closing of the Sale of the D&S Business. In addition, Indian authorities have ordered a special audit on Nokia India Private Limited, while seeking to finalize the ongoing tax investigations.

To date, Nokia has been served with final assessment orders on the underlying withholding tax case in 2013, and the company has appealed on this case to the Income Tax Tribunal in Delhi. Other related assessment proceeding mentioned above are pending. While taking necessary actions to defends its rights vigorously under Indian and International laws, Nokia is extending its full cooperation with the income tax authorities and special auditors to finalize the pending assessment proceedings in due course.

Intellectual Property Rights Litigation

HTC

In 2012, Nokia commenced patent infringement proceedings against HTC in relation to 21 non-essential patents in Germany in the District Courts of Mannheim, Munich and Düsseldorf, in relation to nine non-essential patents in the ITC in Washington DC, and 18 non-essential patents in the United States District Court for the District of Delaware.

In response, HTC filed nullity actions with the Federal Patent Court in Munich, commenced revocation proceedings against 18 of Nokia's non-essential patents in the UK High Court, and filed an action for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and against Nokia Oyj in the District Court of Munich in 2012. S3 Graphics Co. Ltd, a subsidiary of HTC, also filed actions for patent infringement in respect of one non-essential patent against Nokia GmbH in the District Court of Mannheim and Nokia Oyj in the District Court of Dusseldorf. HTC commenced, then later withdrew, an arbitration in the UK claiming that some of the patents asserted by Nokia against HTC were licensed under an essential patent licence.

Subsequently, Nokia filed further infringement actions in respect of HTC's UK revocation actions, brought further infringement proceedings against HTC in relation to nine non-essential patents in the District Courts of Mannheim, Munich and Dusseldorf, three non-essential patents in the Court of Paris, France, two non-essential patents in the Regional Court of the Hague, the Netherlands, two non-essential patents in the Court of Rome, Italy and four non-essential patents in the Tokyo District Court, Japan. Nokia also commenced patent infringement proceedings against HTC in respect of seven non-essential patents in the ITC in Washington DC, and ten non-essential patents in the United States District Court for the Southern District of California.

Nokia was awarded injunctions against HTC in respect of a power control patent and patent enabling modern mobile devices to work in older networks by the District Court of Mannheim, a USB functionality patent and a patent enabling the transfer of network resource information between mobile devices by the District Court of Munich. The UK High Court found that Nokia's patent relating to a modulator structure was valid and infringed by HTC in October 2013. In its initial determination in September 2013, the ITC found that HTC had violated two patents which cover improvements to radio receivers and transmitters. The Tokyo District Court gave a judgment in default against HTC in respect of a calendar display patent. The first two of S3 and HTC's actions were dismissed by the District Court of Mannheim.

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On February 7, 2014, the parties settled all pending patent litigation between them, and entered into a patent and technology collaboration agreement. HTC will make payments to Nokia and the collaboration will involve HTC's LTE patent portfolio. The full terms of the agreement are confidential.

Samsung

During August and September 2013, Nokia and Samsung agreed to extend their existing patent license agreement for five years from December 31, 2013. According to the agreement, Samsung will pay additional compensation to Nokia for the period commencing from January 1, 2014 onwards, and the amount of this compensation will be finally settled in a binding arbitration. The parties have commenced arbitration and expect to have a final resolution in 2015.

ERISA & Securities Litigation

On April 19, 2010 and April 21, 2010, two individuals filed separate putative class action lawsuits against Nokia Inc. and the directors and officers of Nokia Inc., and certain other employees and representatives of the company, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 1, 2008 and the present and whose accounts included investments in Nokia stock. The plaintiffs allege that the defendants failed to comply with their statutory and fiduciary duties when they failed to remove Nokia stock as a plan investment option. The cases were consolidated into Majad v. Nokia and an amended consolidated complaint was filed on September 15, 2010. The amended complaint alleges that the named individuals knew of the matters alleged in the securities case referenced above, that the matters significantly increased the risk of Nokia stock ownership, and as a result of that knowledge, the named defendants should have removed Nokia stock as a Plan investment option. The plaintiff's claims were dismissed in their entirety on September 5, 2011. On September 13, 2012 the Court denied Plaintiffs' motion for leave to amend their complaint a second time and entered judgment in favor of Nokia. On October 23, 2012, the plaintiffs filed an appeal of the District Court's order granting judgment in favor of Nokia. On June 21, 2013, the Second Circuit upheld the earlier decision of the US District Court for the Southern District of New York from September 13, 2012 to dismiss all claims made in the ERISA claim filed against defendants including Nokia Inc. and the Nokia Inc. Retirement Plan by Javad Majad and Ryan Sharif. The Plaintiff had until September 23, 2013 to appeal the Second Circuit decision by filing a cert petition to the US Supreme Court. The Plaintiff did not appeal and the case is closed.

On September 19, 2012, a class action based on the US Employee Retirement Income Security Act ("ERISA") entitled Romero v. Nokia was filed in the United States District Court for the Southern District of New York. The complaint named Nokia Corporation, certain Nokia Corporation Board members, Fidelity Management Trust Co., The Nokia Retirement Savings & Investment Plan Committee and Linda Fonteneaux as well as certain individuals from the Nokia Retirement Savings & Investment Plan Committee whose identity is not known to the plaintiffs as defendants. The complaint claimed to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012 and the present and whose accounts invested in the Nokia Stock Fund ("the Fund"). The complaint alleged that the named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. Plaintiff was provided plan documents and informed that it had incorrectly identified the proper defendants in its complaint. On December 10, 2012 Plaintiff filed a motion to dismiss the complaint against all defendants, without prejudice and indicated it would refile in California where the Nokia Retirement Savings and Investment Plan is currently administered.

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Romero filed a new complaint on December 10, 2012 in the United States District Court for the Northern District of California, naming as defendants Nokia Inc., the Nokia Retirement Savings and Investment Plan Committee, and several individuals alleged to be plan fiduciaries, claiming to represent all persons who were participants in or beneficiaries of the Nokia Retirement Savings and Investment Plan (the "Plan") who participated in the Plan between January 19, 2012 and the present and whose accounts invested in the Nokia Stock Fund ("the Fund"). The complaint alleges that named individuals breached their fiduciary duties by, among other things, permitting the plan to offer the Fund as an investment option, permitting the plan to invest in the Fund and permitting the Fund to invest in and remain invested in American Depository Receipts of Nokia Corporation when the defendants allegedly knew the Fund and Nokia's shares were extremely risky investments. On May 15, 2013, Nokia and the Named Defendants filed a motion to dismiss all claims against the defendants and are awaiting the Court's decision. On October 15, 2013 the court granted Nokia and the Named Defendants motion to dismiss all claims with prejudice. Plaintiff did not appeal and this matter is closed.

Antitrust Litigation

LCD and CRT Cartel claims

In November 2009, Nokia Corporation filed two lawsuits, one in the United Kingdom's High Court of Justice and the other in the United States District Court for the Northern District of California, joined by Nokia Inc., against certain manufacturers of liquid crystal displays ("LCDs"). Both suits concerned the same underlying allegations: namely, that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of LCDs, among other anticompetitive conduct, from approximately January 1996 to December 2006 (the "Cartel Period"). Defendants Sharp Corporation, LG Display Co. Ltd., Chunghwa Picture Tubes, Ltd., Hitachi Displays Ltd. and Epson Imaging Devices Corporation, as well as non-defendant Chi Mei Optoelectronics, and Hannstar Display Corporation, have pleaded guilty in the United States to participating in a conspiracy to fix certain LCD prices and have agreed to pay fines totaling approximately USD 900 million. Further, the United States Department of Justice has indicted AU Optronics Corporation and its American subsidiary, AU Optronics Corporation America, for participation in the conspiracy to fix the prices of TFT-LCD panels sold worldwide from September 14, 2001 to December 1, 2006.

Also in November 2009, Nokia Corporation filed a lawsuit in the United Kingdom's High Court of Justice against certain manufacturers of cathode rays tubes ("CRTs"). In this lawsuit, Nokia alleges that the defendants violated the relevant antitrust or competition laws by entering into a worldwide conspiracy to raise and/or stabilize the prices of CRTs, among other anticompetitive conduct, from no later than March 1995 to around November 2007.

All of the defendants have now settled Nokia's claims against them on confidential terms.

Certain litigation that has been included in this section of our annual report on Form 20-F in the previous year have transferred to Microsoft at the closing of the Sale of the D&S Business and accordingly no information on those cases is included here.

We are also party to other routine litigation, as well as indemnity claims involving customers or suppliers, which are incidental to the normal conduct of our business. Based upon the information currently available, our management does not believe that liabilities related to those proceedings are likely to be material to our financial condition or results of operations.

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29. Earnings per share

	2013	2012	2011
Numerator/EURm			
Basic:			
Profit (loss) attributable to equity holders of the parent			
Continuing operations	**186**	(771)	(1 272)
Discontinued operations	**(801)**	(2 334)	109
Total Group	**(615)**	(3 105)	(1 163)
Diluted:			
Elimination of interest expense, net of tax, on convertible bonds, where dilutive	**—**	—	—
Profit (loss) used to determine diluted earnings per share			
Continuing operations	**186**	(771)	(1 272)
Discontinued operations	**(801)**	(2 334)	109
Total Group	**(615)**	(3 105)	(1 163)
Denominator/1000 shares			
Basic:			
Weighted average number of shares in issue	**3 712 079**	3 710 845	3 709 947
Effect of dilutive securities:			
Stock options	**1 978**	—	473
Performance shares	**—**	—	—
Restricted shares and other	**19 307**	—	6 614
	21 285		7 087
Assumed conversion of convertible bonds	**—**	—	—
	21 285	—	7 087
Diluted:			
Adjusted weighted average number of shares and assumed conversions			
Continuing operations	**3 733 364**	3 710 845	3 709 947
Discontinued operations	**3 712 079**	3 710 845	3 717 034
Total Group	**3 712 079**	3 710 845	3 709 947

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the year excluding shares purchased by the Group and held as treasury shares. Diluted earnings per share is calculated by adjusting the profit attributable to equity holders of the parent to eliminate the interest expense of the dilutive convertible bond and by adjusting the weighted average number of shares outstanding with the dilutive effect of stock options, restricted shares and performance shares outstanding during the period as well as the assumed conversion of convertible bonds.

In 2013, stock options equivalent to 16 million shares (22 million in 2012 and 16 million in 2011) were excluded from the calculation of diluted earnings per share because they were determined to be anti-dilutive.

In addition, 4 million performance shares (2 million in 2012 and 2 million in 2011) were excluded from the calculation of dilutive shares because contingency conditions have not been met.

As of December 31, 2013, there were 19 million (4 million in 2012 and 7 million in 2011) of restricted shares outstanding that could potentially have a dilutive impact in the future but were excluded from the calculation as they were determined anti-dilutive.

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Convertible bonds issued to Microsoft in September 2013 were excluded from the calculation of diluted shares in 2013 because they were determined to be antidilutive. These potential shares, if fully converted, would result in an issuance of 368 million shares. As a result of the closing of the sale of Device & Services business the bonds have been redeemed.

The 2012 convertible bond includes a voluntary conversion option. Based on the initial conversion price, voluntary conversion of the entire bond would result in the issue of 287 million shares. These potential shares were excluded from the calculation of diluted shares in 2013 and 2012 because they were determined to be antidilutive at December 31, 2013 and 2012, respectively.

30. Commitments and contingencies

	2013[1] EURm	2012[2] EURm
Collateral for own commitments		
Assets pledged	**38**	38
Contingent liabilities on behalf of Group companies		
Other guarantees	**778**	937
Contingent liabilities on behalf of associated companies		
Financial guarantees on behalf of associated companies	**16**	11
Contingent liabilities on behalf of other companies		
Financial guarantees on behalf of third parties[3]	**12**	12
Other guarantees	**103**	68
Financing commitments		
Customer finance commitments[3]	**25**	34
Venture fund commitments	**215**	282

(1) Continuing operations
(2) Nokia Group
(3) See also Note 35 Risk Management

The amounts above represent the maximum principal amount of commitments and contingencies.

Other guarantees on behalf of Group companies include commercial guarantees of EUR 463 million in 2013 (EUR 598 million in 2012) provided to certain NSN customers in the form of bank guarantees or corporate guarantees issued by NSN. These instruments entitle the customer to claim payment as compensation for non-performance by NSN of its obligations under network infrastructure supply agreements. Depending on the nature of the guarantee, compensation is payable on demand or subject to verification of non-performance. Volume of other guarantees has decreased mainly due to expired guarantees.

Contingent liabilities on behalf of other companies were EUR 103 million in 2013 (EUR 68 million in 2012). The increase in volume is mainly due to the transfer of guarantees in connection with the disposal of certain businesses where contractual risks and revenues have been transferred, but some of the commercial guarantees have not yet been re-assigned legally.

Financing commitments of EUR 25 million in 2013 (EUR 34 million in 2012) are available under loan facilities negotiated mainly with NSN customers. Availability of the amounts is dependent upon the borrower's continuing compliance with stated financial and operational covenants and compliance with

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other administrative terms of the facility. The loan facilities are primarily available to fund capital expenditure relating to purchases of network infrastructure equipment and services.

Venture fund commitments of EUR 215 million in 2013 (EUR 282 million in 2012) are financing commitments to a number of funds making technology related investments. As a limited partner in these funds Nokia is committed to capital contributions and also entitled to cash distributions according to respective partnership agreements and underlying fund activities.

As of December 31, 2013, Nokia continuing operations had purchase commitments of EUR 772 million (Nokia Group EUR 2 042 million in 2012) relating to inventory purchase obligations, service agreements and outsourcing arrangements, primarily for purchases in 2014.

The Group is party to routine litigation incidental to the normal conduct of business, including, but not limited to, several claims, suits and actions both initiated by third parties and initiated by Nokia relating to infringements of patents, violations of licensing arrangements and other intellectual property related matters, as well as actions with respect to products, contracts and securities. Based on the information currently available, in the opinion of management the outcome of and liabilities in excess of what has been provided for related to these or other proceedings, in the aggregate, are not likely to be material to the financial condition or result of operations. See also Note 28.

31. Leasing contracts

The Group leases office, manufacturing and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options for various periods of time.

The future costs for non-cancellable leasing contracts are as follows:

Continuing operations		**Operating leases EURm**
Leasing payments	2014	139
	2015	98
	2016	66
	2017	51
	2018	45
	Thereafter	151
	Total	**550**

Rental expense amounted to EUR 256 million in 2013 (EUR 361 million in 2012 and EUR 313 million in 2011).

32. Related party transactions

At December 31, 2013, the Group had borrowings amounting to EUR 69 million (EUR 69 million in 2012) from Nokia Unterstützungsgesellschaft mbH, the Group's German pension fund, which is a separate legal entity. The loan bears interest at 6% annum and its duration is pending until further notice by the loan counterparties who have the right to terminate the loan with a 90 day notice. The loan is included in long-term interest-bearing liabilities in the consolidated statement of financial position.

There were no loans granted to the members of the Nokia Leadership Team and the Board of Directors at December 31, 2013, 2012 or 2011.

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Transactions with associated companies

	2013 EURm	2012 EURm	2011 EURm
Share of results of associated companies	4	(1)	(23)
Dividend income	5	—	—
Share of shareholders' equity of associated companies	53	46	47
Sales to associated companies	6	12	37
Purchases from associated companies	178	150	91
Receivables from associated companies	—	1	—
Liabilities to associated companies	12	32	14

At December 31, 2013, the Group has guaranteed a loan of EUR 16 million (EUR 11 million in 2012) for an associated company of the Group.

Management compensation

Nokia announced on September 3, 2013 that it had entered into a transaction agreement whereby Nokia will sell substantially all of its Devices & Services business to Microsoft. As a result of the proposed transaction, Nokia announced changes to its leadership. These changes were designed to provide an appropriate corporate governance structure during the interim period following the announcement of this transaction. Stephen Elop stepped down from his positions as President and CEO and Nokia's Chairman of the Board Risto Siilasmaa and Chief Financial Officer of Nokia Timo Ihamuotila assumed additional responsibilities as Interim CEO and Interim President, respectively, from September 3, 2013.

The following table sets forth the salary and cash incentive information awarded and paid or payable by the Group to the Chief Executive Officer and President of Nokia Corporation for fiscal years 2011-2013, share-based compensation expense relating to equity-based awards, expensed by the Group as well as the pension expenses, expensed by the Group. The table includes compensation for the time in-role or the compensation for the role related responsibilities, only.

	2013				2012				2011			
	Base salary/ fee[(1)] EUR	Cash incentive payments[(1)] EUR	Share-based compensation expense EUR	Pension expenses EUR	Base salary EUR	Cash incentive payments EUR	Share-based compensation expense EUR	Pension expenses EUR	Base salary EUR	Cash incentive payments EUR	Share-based compensation expense EUR	Pension expenses EUR
Risto Siilasmaa Interim CEO as of September 3, 2013[(2)]	500 000	—	—	—								
Timo Ihamuotila Interim President as of September 3, 2013[(3)]	150 000	—	12 107	42 500								
Stephen Elop, President and CEO until September 3, 2013	753 911	769 217	2 903 226	263 730	1 079 500	—	1 597 496	247 303	1 020 000	473 070	2 086 351	280 732

(1) Base salaries are prorated for the time in role, incentive payments represent full year incentive payment earned under Nokia short term incentive programs. For interim roles the base salaries or fees for the role related responsibilities, only.
(2) As compensation for his additional responsibilities as interim CEO, Risto Siilasmaa received EUR 500 000, 40% was delivered to him in shares bought on the open market. The remaining 60% was paid in cash, most of which was used to cover the estimated associated taxes.
(3) In recognition of additional responsibilities, Timo Ihamuotila will receive EUR 250 000, out of which EUR 150 000 was paid in 2013. In addition, Timo Ihamuotila received an equity grant with an approximate aggregate grant date value of EUR 250 000 in the form of Nokia stock options and Nokia restricted shares. These grants are subject to Nokia's Equity plans standard terms and conditions and vesting schedules.

Total remuneration of the Nokia Leadership Team awarded for the fiscal years 2011-2013 was EUR 9 160 848 in 2013 (EUR 7 304 269 in 2012 and EUR 8 396 423 in 2011), which consisted of base

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salaries and cash incentive payments. Total share-based compensation expense relating to equity-based awards expensed by the Group was EUR 7 913 633 in 2013 (EUR 3 213 047 in 2012 and EUR 4 513 671 in 2011). The members of the Nokia Leadership Team participate in the local retirement programs applicable to employees in the country where they reside.

Board of Directors

The following table depicts the annual remuneration structure paid to the members of our Board of Directors, as resolved by the Annual General Meetings in the respective years.

	2013		2012		2011	
	Gross Annual Fee EUR(1)	Shares Received	Gross Annual Fee EUR(1)	Shares Received	Gross Annual Fee EUR(1)	Shares Received
Board of Directors						
Risto Siilasmaa						
Chairman as from May 3, 2012(2)	440 000	77 217	440 000	70 575	155 000	10 428
Jorma Ollila						
Chairman until May 3, 2012(3)			—	—	440 000	29 604
Dame Marjorie Scardino						
Vice Chairman until May 7, 2013(4)			150 000	24 062	150 000	10 092
Jouko Karvinen						
Vice Chairman from May 7, 2013(5)	175 000	14 374	155 000	24 860	140 000	9 419
Bruce Brown	130 000	10 678	130 000	20 850		
Elisabeth Doherty(6)	140 000	11 499				
Stephen Elop(7)	—	—	—	—	—	—
Bengt Holmström					130 000	8 746
Henning Kagermann(8)	155 000	12 731	155 000	24 860	155 000	10 428
Per Karlsson			—	—	130 000	8 746
Helge Lund	130 000	10 678	130 000	20 850	130 000	8 746
Isabel Marey-Semper(9)			140 000	22 454	140 000	9 419
Mårten Mickos	130 000	10 678	130 000	20 850	—	—
Elizabeth Nelson(10)	140 000	11 499	140 000	22 454	—	—
Kari Stadigh	130 000	10 678	130 000	20 850	130 000	8 746

(1) Approximately 40% of each Board member's gross annual fee is paid in Nokia shares and the remaining approximately 60% of the gross annual fee is paid in cash. Further, it is Nokia policy that the directors retain all company stock received as director compensation until the end of their board membership, subject to the need to finance any costs relating to the acquisition of the shares, including taxes.

(2) The 2013 and 2012 fees paid to Risto Siilasmaa amounted to an annual total of EUR 440 000 for services as Chairman of the Board. The 2011 fee paid to Risto Siilasmaa amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Audit Committee. Siilasmaa was also paid a fee serving as interim CEO as of September 3, 2013. Fee for his duties as interim CEO is presented under Management compensation.

(3) The 2011 fee paid to Jorma Ollila amounted to an annual total of EUR 440 000 indicated for his services as Chairman of the Board.

(4) The 2012 and 2011 fees paid to Dame Marjorie Scardino amounted to an annual total of EUR 150 000 each year indicated for services as Vice Chairman of the Board.

(5) The 2013 fee paid to Jouko Karvinen amounted to an annual total of EUR 175 000, consisting of a fee of EUR 150 000 for services as a Vice Chairman of the Board and EUR 25 000 for service as

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Chairman of the Audit Committee. The 2012 fee paid to Jouko Karvinen amounted to an annual total of EUR 155 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for service as Chairman of the Audit Committee. The 2011 fee paid to Jouko Karvinen amounted to an annual total of EUR 140 000, consisting of a fee of 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

(6) The 2013 fee paid to Elizabeth Doherty amounted to total of EUR 140 000 consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

(7) Stephen Elop did not receive remuneration for his services as a member of the Board. This table does not include remuneration paid to Mr. Elop for services as the President and CEO. Stephen Elop stepped down from the board of directors as of September 3, 2013.

(8) The 2013, 2012 and 2011 fees paid to Henning Kagermann amounted to an annual total of EUR 155 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 25 000 for services as Chairman of the Personnel Committee.

(9) The 2012 and 2011 fees paid to Isabel Marey-Semper amounted to an annual total of EUR 140 000 each year indicated, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit Committee.

(10) The 2013 and 2012 fees paid to Elizabeth Nelson amounted to an annual total of EUR 140 000, consisting of a fee of EUR 130 000 for services as a member of the Board and EUR 10 000 for services as a member of the Audit committee.

Termination benefits of the President and CEO

Mr. Elop's employment contract was amended effective as of September 3, 2014, as a result of entering into a transaction with Microsoft for the Sale of D&S Business. Under the terms of the amendment, Mr. Elop resigned from his position as President and CEO as of September 3, 2013 and assumed the role of Executive Vice President, Devices & Services. He also resigned from his position as a member of Board of Directors as of the same date. After the closing of the Sale of D&S Business, he transferred to Microsoft as agreed with Microsoft. In accordance with his service contract he received a severance payment of EUR 24.2 million in total. This amount included: base salary and management incentive EUR 4.1 million and value of equity awards EUR 20.1 million. The amount of the equity awards was based on the Nokia closing share price of EUR 5.28 per share at NASDAQ OMX Helsinki on April 24, 2014. Pursuant to the terms of the purchase agreement with Microsoft entered into in connection with the Sale of D&S Business, 70% of the total severance payment was borne by Microsoft and the remaining 30% of the severance amount (EUR 7.3 million) was borne by Nokia.

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33. Notes to the consolidated statements of cash flows

	2013 EURm	2012 EURm	2011 EURm
Adjustments for[1]:			
Depreciation and amortization	**728**	1 326	1 562
Loss/(profit) on sale of property, plant and equipment and available-for-sale investments	**40**	(131)	(49)
Income taxes	**401**	1 145	291
Share of results of associated companies (Note 16)	**(4)**	1	23
Non-controlling interest	**(124)**	(681)	(323)
Financial income and expenses	**264**	333	49
Transfer from hedging reserve to sales and cost of sales	**(87)**	(16)	(4)
Impairment charges (Note 9)	**20**	109	1 338
Asset retirements	**24**	31	13
Share-based compensation	**56**	13	18
Restructuring related charges[2]	**446**	1 659	565
Other income and expenses	**25**	52	5
Adjustments, total	**1 789**	3 841	3 488
Change in net working capital			
Decrease in short-term receivables	**1 655**	2 118	218
Decrease in inventories	**193**	707	289
(Decrease) in interest-free short-term borrowings	**(2 793)**	(2 706)	(1 148)
Change in net working capital	**(945)**	119	(641)

(1) Combines adjustments relating to both continuing and discontinued operations.

(2) The adjustments for restructuring related charges represent the non-cash portion of the restructuring related charges recognized in the consolidated income statement.

The Group did not engage in any material non-cash investing activities in 2013, 2012 and 2011.

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34. Principal Nokia Group companies at December 31, 2013

	Country of incorporation and place of business	Primary nature of business	Parent holding %	Group majority %	Non-controlling interests %
Continuing Nokia Group companies					
Nokia Solutions and Networks B.V.	The Hague, Netherlands	Holding company	—	100.0[1]	—
Nokia Solutions and Networks Oy	Helsinki, Finland	Sales and manufacturing company	—	100.0	—
Nokia Solutions and Networks US LLC	Delaware, USA	Sales company	—	100.0	—
Nokia Solutions and Networks Japan Corp.	Tokyo, Japan	Sales company	—	100.0	—
Nokia Solutions and Networks India Private Limited	New Delhi, India	Sales and manufacturing company	—	100.0	—
Nokia Solutions and Networks System Technology (Beijing) Co., Ltd.	Beijing, China	Sales company	—	100.0	—
Nokia Solutions and Networks Branch Operations Oy	Helsinki, Finland	Sales company	—	100.0	—
Nokia Solutions and Networks Korea Ltd.	Seoul, South Korea	Sales company	—	100.0	—
Nokia Solutions and Networks do Brasil Telecomunicações Ltda.	Sao Paolo, Brazil	Sales company	—	100.0	—
Nokia Solutions and Networks Technology Service Co., Ltd.	Beijing, China	Sales company	—	100.0	—
HERE Holding Corporation	Delaware, USA	Holding company	—	100.0	—
HERE Global B.V.	Veldhoven, Netherlands	Holding company	1.45	100.0	—
HERE Europe B.V.	Veldhoven, Netherlands	Sales and holding company	—	100.0	—
HERE North America LLC	Delaware, USA	Sales and development company	—	100.0	—
Nokia Gate5 GmbH/HERE Deutschland GmbH	Berlin, Germany	Development	—	100.0	—
Nokia Finance International B.V.	Haarlem, Netherlands	Holding and finance company	100.0	100.0	
Discontinued Nokia Group companies					
Nokia Sales International Oy	Helsinki, Finland	Sales company	100.0	100.0	—
Nokia India Sales Pvt Limited	New Delhi, India	Sales company		100.0	
Nokia India Pvt	New Delhi, India	Manufacturing Company	99.99	100.0	—
OOO Nokia	Moscow, Russia	Sales company	100.0%	100.0	
Nokia (China) Investment Co., Ltd	Beijing, China	Sales and holding company	100.0	100.0	—
Nokia Telecommunications Ltd	Beijing, China	Manufacturing company	4.5	83.9	16.1
Nokia Inc.	Delaware, USA	Sales company	—	100.0	—
Nokia UK Limited	London, United Kingdom	Sales company	—	100.0	—
Nokia do Brazil Technologia Ltd a	Manaus, Brazil	Manufacturing company	—	100.0	—
Nokia TMC Limited	Masan, South Korea	Manufacturing company	100.0%	100.0	—
Nokia (Thailand) Ltd	Bangkok, Thailand	Sales company		100.0	—

(1) In 2013, Nokia acquired the remaining 50% of Nokia Siemens Networks B.V., the ultimate parent of the NSN business. By that, the parent entity of NSN business became a fully owned subsidiary of Nokia.

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35. Risk Management

General risk management principles

Nokia has a common and systematic approach to risk management across business operations and processes. Material risks and opportunities are identified, analyzed, managed and monitored as part of business performance management. Relevant key risks are identified against business targets either in business operations or as an integral part of long and short-term planning. Nokia's overall risk management concept is based on visibility of the key risks preventing Nokia from reaching its business objectives rather than solely focusing on eliminating risks.

The principles documented in the Nokia Risk Policy and approved by the Audit Committee of the Board of Directors require risk management and its elements to be integrated into business processes. One of the main principles is that the business or function head is also the risk owner, but it is everyone's responsibility in Nokia to identify risks which prevent Nokia from reaching its objectives. Risk management covers strategic, operational, financial and hazard risks.

Key risks and opportunities are reviewed by the Nokia Leadership team and the Board of Directors in order to create visibility on business risks as well as to enable prioritization of risk management activities at Nokia. In addition to the general principles defined in the Nokia Risk Policy, specific risk management implementation is reflected in other key Nokia policies.

The following information for 2013 has been presented for Nokia continuing operations only. The comparative year includes the Nokia Group total.

Financial risks

The objective for Treasury activities in Nokia is to guarantee sufficient funding for the Group at all times, and to identify, evaluate and manage financial risks. Treasury activities support this aim by mitigating the adverse effects caused by fluctuations in the financial markets on the profitability of the underlying businesses and by managing the capital structure of the Group by prudently balancing the levels of liquid assets and financial borrowings.

Treasury activities are governed by the Treasury Policy approved by the CEO, that provides principles for overall financial risk management and determines the allocation of responsibilities for financial risk management in Nokia. Other related policies and procedures in Nokia and NSN, approved by respective CFO's or relevant finance executives, cover specific areas such as foreign exchange risk, interest rate risk, credit and liquidity risk as well as use of derivative financial instruments in managing these risks. Nokia is risk averse in its Treasury activities.

Financial risks are divided into (a) market risk (covering foreign exchange risk, interest risk and equity price risk), (b) credit risk (covering business related credit risk and financial credit risk) and (c) liquidity risk.

(a) Market Risk

Methodology for assessing market risk exposures: Value-at-Risk

Nokia uses the Value-at-Risk ("VaR") methodology to assess the Group exposures to foreign exchange, interest rate, and equity risks. The VaR gives estimates of potential fair value losses in market risk sensitive instruments as a result of adverse changes in specified market factors, at a specified confidence level over a defined holding period.

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In Nokia, the foreign exchange VaR is calculated with the Monte Carlo method which simulates random values for exchange rates in which the Group has exposures and takes the non-linear price function of certain foreign exchange derivative instruments into account. The variance-covariance methodology is used to assess and measure the interest rate risk and equity price risk.

The VaR is determined by using volatilities and correlations of rates and prices estimated from a one-year sample of historical market data, at 95% confidence level, using a one-month holding period. To put more weight on recent market conditions, an exponentially weighted moving average is performed on the data with an appropriate decay factor.

This model implies that within a one-month period, the potential loss will not exceed the VaR estimate in 95% of possible outcomes. In the remaining 5% of possible outcomes, the potential loss will be at minimum equal to the VaR figure, and on average substantially higher.

The VaR methodology relies on a number of assumptions, such as a) risks are measured under average market conditions, assuming that market risk factors follow normal distributions; b) future movements in market risk factors follow estimated historical movements; and c) the assessed exposures do not change during the holding period. Thus it is possible that, for any given month, the potential losses at 95% confidence level are different and could be substantially higher than the estimated VaR.

Foreign exchange risk

Nokia operates globally and is exposed to transactional and translational foreign exchange risks. Transaction risk arises from foreign currency denominated assets and liabilities together with foreign currency denominated future cash flows. Transaction exposures are managed in the context of various functional currencies of foreign Group companies.

According to the foreign exchange policy guidelines of the Group, which remains the same as in the previous year, material transactional foreign exchange exposures are hedged unless hedging would be uneconomical due to market liquidity and/or hedging cost. Exposures are defined using nominal values of the transactions. Exposures are mainly hedged with derivative financial instruments such as forward foreign exchange contracts and foreign exchange options. The majority of financial instruments hedging foreign exchange risk have a duration of less than a year. The Group does not hedge forecast foreign currency cash flows beyond two years.

Since Nokia has subsidiaries outside the euro zone, translation risk arises from the euro-denominated value of the shareholders' equity of foreign Group companies being exposed to fluctuations in exchange rates. Equity changes resulting from movements in foreign exchange rates are shown as a translation difference in the Group consolidation.

Nokia uses, from time to time, forward foreign exchange contracts, foreign exchange options and foreign currency denominated loans to hedge its equity exposure arising from foreign net investments.

At the end of years 2013 and 2012, the following currencies represent a significant portion of the currency mix in the outstanding financial instruments:

2013	USD EURm	JPY EURm	CNY EURm	INR EURm
FX derivatives used as cashflow hedges (net amount)[(1)]	(409)	(232)	—	—
FX derivatives used as net investment hedges (net amount)[(2)]	(724)	(14)	(358)	(157)
FX exposure from balance sheet items (net amount)[(3)]	(217)	36	(47)	(141)
FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss (net amount)[3]	(367)	(116)	81	57
Cross currency / interest rate hedges	390	—	—	—

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2012	USD EURm	JPY EURm	CNY EURm	INR EURm
FX derivatives used as cashflow hedges (net amount)(1)	550	(281)	—	—
FX derivatives used as net investment hedges (net amount)(2)	(281)	(16)	(1 043)	(763)
FX exposure from balance sheet items (net amount)(3)	1 156	38	263	(539)
FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss (net amount)(3)	(1 439)	106	(114)	420
Cross currency / interest rate hedges	428	—	—	—

(1) The FX derivatives are used to hedge the foreign exchange risk from forecast highly probable cashflows related to sales, purchases and business acquisition activities. In some of the currencies, especially in US dollar, Nokia has substantial foreign exchange risks in both estimated cash inflows and outflows, which have been netted in the table. The underlying exposures for which these hedges are entered into are not presented in the table, as they are not financial instruments.

(2) The FX derivatives are used to hedge the Group's net investment exposure. The underlying exposures for which these hedges are entered into are not presented in the table, as they are not financial instruments.

(3) The balance sheet items and some probable forecast cash flows which are denominated in foreign currencies are hedged by a portion of FX derivatives not designated in a hedge relationship and carried at fair value through profit and loss.

The VaR figures for the Group's financial instruments which are sensitive to foreign exchange risks are presented in the table below. The VaR calculation includes foreign currency denominated monetary financial instruments such as:

- Available-for-sale investments, loans and accounts receivable, investments at fair value through profit and loss, cash, loans and accounts payable.
- FX derivatives carried at fair value through profit and loss which are not in a hedge relationship and are mostly used for hedging balance sheet foreign exchange exposure.
- FX derivatives designated as forecasted cash flow hedges and net investment hedges. Most of the VaR is caused by these derivatives as forecasted cash flow and net investment exposures are not financial instruments as defined under IFRS 7 and thus not included in the VaR calculation.

	VaR from financial instruments	
	2013 EURm	2012 EURm
At December 31	**42**	67
Average for the year	**114**	128
Range for the year	**42 - 188**	67 - 192

Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items (i.e. price risk) or through changes in interest income or expenses (i.e. refinancing or reinvestment risk). Interest rate risk mainly arises through interest bearing liabilities and assets. Estimated future changes in cash flows and balance sheet structure also expose the Group to interest rate risk.

The objective of interest rate risk management is to balance uncertainty caused by fluctuations in interest rates and net long-term funding costs.

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At the reporting date, the interest rate profile of the Group's interest-bearing assets and liabilities is presented in the table below:

	2013		2012	
	Fixed rate EURm	Floating rate EURm	Fixed rate EURm	Floating rate EURm
Assets	**4 400**	**4 739**	3 488	6 627
Liabilities	**(5 947)**	**(630)**	(4 191)	(1 312)
Assets and liabilities before derivatives	**(1 547)**	**4 109**	(703)	5 315
Interest rate derivatives	**954**	**(926)**	1 880	(1 784)
Assets and liabilities after derivatives	**(593)**	**3 183**	1 177	3 531

The interest rate exposure of the Group is monitored and managed centrally. Nokia uses the VaR methodology complemented by selective shock sensitivity analyses to assess and measure the interest rate risk of interest-bearing assets, interest-bearing liabilities and related derivatives, which together create the Group's interest rate exposure. The VaR for the Group interest rate exposure in the investment and debt portfolios is presented in the table below. Sensitivities to credit spreads are not reflected in the below numbers.

	2013 EURm	2012 EURm
At December 31	**42**	22
Average for the year	**45**	19
Range for the year	**20 - 84**	9 - 44

Equity price risk

Nokia's exposure to equity price risk is related to certain publicly listed equity shares.

The fair value of these investments at December 31, 2013 was EUR 11 million (EUR 11 million in 2012). The VaR for the Group equity investment in publicly traded companies is insignificant. The private funds where the Group has investments may, from time to time, have investments in public equity. Such investments have not been included in the aforementioned number.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures to customers, including outstanding receivables, financial guarantees and committed transactions as well as financial institutions, including bank and cash, fixed income and money-market investments and derivative financial instruments. Credit risk is managed separately for business related and financial credit exposures.

Except as detailed in the following table, the maximum exposure to credit risk is limited to the book value of the financial assets as included in the consolidated statement of financial position:

	2013 EURm	2012 EURm
Financial guarantees given on behalf of customers and other third parties	**12**	12
Loan commitments given but not used	**25**	34
	37	46

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Business Related Credit Risk

The Company aims to ensure the highest possible quality in accounts receivable and loans due from customers and other third parties. Nokia and NSN Credit Policies, both approved by the respective Leadership Teams, lay out the framework for the management of the business related credit risks in Nokia and NSN.

Nokia and NSN Credit Policies provide that credit decisions are based on credit evaluation including credit rating for larger exposures. Nokia and NSN Rating Policy defines the rating principles. Ratings of material exposures are approved by Nokia's Rating Committee and NSN's Rating Committee. Credit risks are approved and monitored according to the credit policy of each business entity. When appropriate, credit risks are mitigated with the use of approved instruments, such as letters of credit, collateral or insurance and sale of selected receivables.

Credit exposure is measured as the total of accounts receivable and loans outstanding due from customers and committed credits.

The accounts receivable do not include any major concentrations of credit risk by customer. The top three customers account for approximately 4.0%, 3.6% and 3.3% (7.0%, 2.5% and 2.1% in 2012) of Group accounts receivable and loans due from customers and other third parties as at December 31, 2013, while the top three credit exposures by country amounted to 20.9%, 6.3% and 5.7% (9.5%, 8.5% and 7.5% in 2012), respectively with China being the biggest exposure.

The Group has provided allowances for doubtful accounts as needed on accounts receivable and loans due from customers and other third parties not past due, based on the analysis of debtors' credit quality and credit history. The Group establishes allowances for doubtful accounts that represent an estimate of incurred losses as of the end of reporting period. All receivables and loans due from customers are considered on an individual basis in establishing the allowances for doubtful accounts.

As at December 31, 2013, the carrying amount before deducting any allowances for doubtful accounts as well as amounts expected to be uncollectible for acquired receivables relating to customers for which an allowance was provided or an uncollectible amount has been identified amounted to EUR 1 075 million (EUR 1 727 million in 2012). The amount of allowance recognized against that portion of these receivables considered to be impaired as well as the amount expected to be uncollectible for acquired receivables was a total of EUR 132 million (EUR 264 million in 2012) (see also Note 10 and Note 21). These aforementioned sums are relative to total net accounts receivable and loans due from customers of EUR 2 929 in 2013 (EUR 5 625 million in 2012).

An amount of EUR 109 million (EUR 365 million in 2012) relates to past due receivables from customers for which no allowances for doubtful accounts were recognized. The aging of these receivables is as follows:

EURm	2013	2012
Past due 1-30 days	**53**	250
Past due 31-180 days	**43**	70
More than 180 days	**13**	45
	109	365

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Financial Credit Risk

Financial instruments contain an element of risk resulting from changes in market price of such instruments due to counterparties becoming less credit worthy or risk of loss due to counterparties being unable to meet their obligations. This risk is measured and monitored centrally by Treasury departments in Nokia and NSN. Financial credit risk is managed actively by limiting counterparties to a sufficient number of major banks and financial institutions and monitoring the credit worthiness and exposure sizes continuously as well as through entering into netting arrangements (which gives Nokia the right to offset in the event that the counterparty would not be able to fulfill the obligations) with all major counterparties and collateral agreements (which require counterparties to post collateral against derivative receivables) with certain counterparties.

Nokia's investment decisions are based on strict creditworthiness and maturity criteria as defined in Treasury related policies and procedures. As a result of this investment policy approach and active management of outstanding investment exposures, Nokia has not been subject to any material credit losses in its financial investments in the years presented.

The table below presents the breakdown of the outstanding fixed income and money market investments by sector and credit rating grades ranked as per Moody's rating categories.

At December 31, 2013	Rating[(3)]	Total amount[(1)(2)]	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
		EURm	EURm	EURm	EURm	EURm	EURm
Banks	Aaa	795	795	—	—	—	—
	Aa1-Aa3	738	738	—	—	—	—
	A1-A3	1 281	1 281	—	—	—	—
	Baa1-Baa3	828	826	—	2	—	—
	Non rated	159	159	—	—	—	—
Governments	Aaa	911	405	193	202	—	111
	Aa1-Aa3	572	176	39	357	—	—
Other	Aaa	—	—	—	—	—	—
	Aa1-Aa3	—	—	—	—	—	—
	A1-A3	11	—	11	—	—	—
	Baa1-Baa3	—	—	—	—	—	—
	Ba1-C	—	—	—	—	—	—
Total		**5 295**	**4 380**	**243**	**561**	**—**	**111**

At December 31, 2012	Rating[(3)]	Total amount[(1)(2)]	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
		EURm	EURm	EURm	EURm	EURm	EURm
Banks	Aaa	1 401	1 401	—	—	—	—
	Aa1-Aa3	756	755	1	—	—	—
	A1-A3	1 106	1 082	24	—	—	—
	Baa1-Baa3	942	940	—	—	2	—
	Non rated	215	215	—	—	—	—
Governments	Aaa	1 572	1 342	31	42	18	139
	Aa1-Aa3	401	37	57	24	283	—
Other	Aaa	—	—	—	—	—	—
	Aa1-Aa3	—	—	—	—	—	—
	A1-A3	10	—	—	10	—	—
	Baa1-Baa3	—	—	—	—	—	—
	Ba1-C	—	—	—	—	—	—
	Non rated	2	—	2	—	—	—
Total		**6 405**	**5 772**	**115**	**76**	**303**	**139**

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(1) Fixed income and money-market investments include term deposits, investments in liquidity funds and investments in fixed income instruments classified as available-for-sale investments and investments at fair value through profit and loss. Liquidity funds invested solely in government securities are included under Governments. Other liquidity funds are included under Banks.

(2) Included within fixed income and money-market investments is EUR 39 million of restricted investment at December 31, 2012 (EUR 77 million at December 31, 2012). They are restricted financial assets under various contractual or legal obligations.

(3) Bank parent company ratings used here for bank groups. In some emerging markets countries actual bank subsidiary ratings may differ from parent company rating.

98 % of Nokia's cash in bank accounts is held with banks of investment grade credit rating (95% for 2012).

The following tables present financial assets and liabilities subject to offsetting under enforceable master netting agreements and similar arrangements.

EURm At December 31, 2013	Gross amounts of financial assets (liabilities)	Gross amounts of financial liabilities (assets) set off in the statement of financial position	Net amounts of financial assets (liabilities) presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments assets (liabilities)	Related amounts not set off in the statement of financial position: Cash collateral received (pledged)	Net amount
Derivative assets	191	—	191	34	66	91
Derivative liabilities	(35)	—	(35)	(34)	—	(1)
Total	156	—	156	—	66	90

EURm At December 31, 2012	Gross amounts of financial assets (liabilities)	Gross amounts of financial liabilities (assets) set off in the statement of financial position	Net amounts of financial assets (liabilities) presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments assets (liabilities)	Related amounts not set off in the statement of financial position: Cash collateral received (pledged)	Net amount
Derivative assets	448	—	448	87	123	238
Derivative liabilities	(90)	—	(90)	(87)	(1)	(2)
Total	358	—	358	—	122	236

The financial instruments subject to enforceable master netting agreements and similar arrangements are not set off in the consolidated statement of financial position in cases where there is no intention to settle net or realize the asset and settle the liability simultaneously.

(c) Liquidity Risk

Liquidity risk is defined as financial distress or extraordinarily high financing costs arising due to a shortage of liquid funds in a situation where outstanding debt needs to be refinanced or where business conditions unexpectedly deteriorate and require financing. Transactional liquidity risk is defined as the risk of executing a financial transaction below fair market value, or not being able to execute the transaction at all, within a specific period of time.

The objective of liquidity risk management is to maintain sufficient liquidity, and to ensure that it is available fast enough without endangering its value, in order to avoid uncertainty related to financial distress at all times.

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Nokia aims to secure sufficient liquidity at all times by efficient cash management and by investing in short-term liquid interest bearing securities. Depending on overall liquidity position Nokia aims to pre- or refinance upcoming debt maturities before contractual maturity dates. The transactional liquidity risk is minimized by entering into transactions where proper two-way quotes can be obtained from the market.

Due to the dynamic nature of the underlying business, Nokia and NSN aim at maintaining flexibility in funding by keeping committed and uncommitted credit lines available. Nokia and NSN manage their respective credit facilities independently and facilities do not include cross-default clauses between Nokia and NSN or any forms of guarantees from either party. As of December 31, 2013, the Group's committed revolving credit facilities totaled EUR 2 250 million (EUR 2 250 million in 2012).

The most significant existing long-term funding programs as of December 31, 2013 were:

Issuer(s):	Program:	Issued
Nokia Corporation	Shelf registration statement on file with the US Securities and Exchange Commission	USD 1 500 million
Nokia Corporation	Euro Medium-Term Note Program, totaling EUR 5 000 million	EUR 1 750 million

The most significant existing short-term funding programs as of December 31, 2013 were:

Issuer(s):	Program:	Issued
Nokia Corporation	Local commercial paper program in Finland, totaling EUR 750 million	—
Nokia Corporation	US Commercial Paper program, totaling USD 4 000 million	—
Nokia Corporation and Nokia Finance International B.V.	Euro Commercial Paper program, totaling USD 4 000 million	—
Nokia Solutions and Networks Finance B.V.	Local commercial paper program in Finland, totaling EUR 500 million	EUR 25 million

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As of December 31, 2013 Group's interest bearing liabilities consisted of:

Nokia	Issuer/Borrower	Final Maturity	2013 EURm	2012 EURm
Revolving Credit Facility (EUR 1 500 million)	Nokia Corporation	March 2016	—	—
USD Bond 2039 (USD 500 million 6.625%)	Nokia Corporation	May 2039	364	381
EUR Convertible Bond 2020 (EUR 500 million 3.625%)	Nokia Corporation	September 2020	500	—
EUR Convertible Bond 2019 (EUR 500 million 2.5%)	Nokia Corporation	September 2019	500	—
USD Bond 2019 (USD 1 000 million 5.375%)	Nokia Corporation	May 2019	727	761
EUR Bond 2019 (EUR 500 million 6.75%)	Nokia Corporation	February 2019	500	500
EUR Convertible Bond 2018 (EUR 500 million 1.125%)	Nokia Corporation	September 2018	500	—
EUR Convertible Bond 2017 (EUR 750 million 5%)	Nokia Corporation	October 2017	750	750
EUR Bond 2014 (EUR 1 250 million 5.5%)	Nokia Corporation	February 2014	1 250	1 250
EUR EIB R&D Loan	Nokia Corporation	February 2014	500	500
Differences between Bond nominal and carrying values[1]	Nokia Corporation		(164)	55
Other interest-bearing liabilities	Nokia Corporation and various subsidiaries		144	209
Total Nokia			**5 571**	**4 406**

NSN	Issuer/Borrower	Final Maturity	2013 EURm	2012 EURm
Revolving Credit Facility (EUR 750 million)	Nokia Solutions and Networks Finance B.V.	June 2015	—	—
EUR Bond 2020 (EUR 350 million 7.125%)	Nokia Solutions and Networks Finance B.V.	April 2020	350	—
EUR Bond 2018 (EUR 450 million 6.75%)	Nokia Solutions and Networks Finance B.V.	April 2018	450	—
EUR Finnish Pension Loan	Nokia Solutions and Networks Finance Oy	October 2015	88	132
EUR Nordic Investment Bank	Nokia Solutions and Networks Finance B.V.	March 2015	20	80
EUR EIB R&D Loan	Nokia Solutions and Networks Finance B.V.	January 2015	50	150
EUR Bank Term Loan (EUR 750 million)	Nokia Solutions and Networks Finance B.V.	Prepaid March 2013	—	600
Differences between Bond nominal and carrying values[1]	Nokia Solutions and Networks Finance B.V.		(18)	—
Other liabilities[2]	Nokia Solutions and Networks Finance B.V. and various subsidiaries		151	181
Total NSN			**1 091**	**1 143**
Total Nokia Group			**6 662**	**5 549**

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(1) This line includes mainly fair value adjustments for bonds that are designated under fair value hedge accounting and difference between convertible bond nominal value and carrying value of the financial liability component.

(2) This line includes also EUR 76 million (EUR 2 million, in 2012) non-interest bearing payables relating to cash held temporarily due to the divested businesses where NSN continues to perform services within a contractually defined scope for a specified timeframe.

All Nokia borrowings specified above are senior unsecured and have no financial covenants. All borrowings, apart from the EIB R&D loan, are used for general corporate purposes.

All NSN borrowings specified above are senior unsecured and include financial covenants relating to financial leverage and interest coverage of the NSN. As of December 31, 2013 all financial covenants were satisfied. All borrowings, apart from the EIB and Nordic Investment bank R&D loans, are used for general corporate purposes.

Nokia has not guaranteed any of the NSN borrowings and thus these are non-recourse to Nokia. All Nokia Solutions and Networks Finance B.V. borrowings above are guaranteed by Nokia Solutions and Networks Oy and/or Nokia Solutions and Networks BV.

In October 2012, Nokia issued a EUR 750 million convertible bond that matures in October 2017. The bond includes a voluntary conversion option starting from December 2012 until maturity. Based on initial conversion price, voluntary conversion of the entire bond would result in the issue of 287 million shares. In July 2013 Nokia obtained committed bank financing for the EUR 1.2 billion cash portion of the acquisition of NSN that was completed in August 2013. The balance of EUR 0.5 billion was agreed to be paid in the form of a secured loan from Siemens due one year from closing. In September 2013, Nokia issued EUR 1.5 billion of financing in the form of three EUR 500 million tranches of convertible bonds issued to Microsoft maturing in 5, 6 and 7 years, respectively. On September 6, 2013, Nokia announced that it had decided to draw down all of this financing to prepay aforementioned financing raised for the acquisition of the shares in NSN and for general corporate purposes. Microsoft has agreed not to sell any of the bonds or convert any of the bonds to Nokia shares prior to the closing of the sale of the Devices & Services business. When the sale of the Devices & Services business was completed, the bonds were redeemed and the principal amount and accrued interest were netted against the proceeds from the transaction.

In December 2011, NSN signed a forward starting term loan and revolving credit facilities agreement to replace its revolving credit facility that matured in June 2012. In December 2012, the maturity date of the term loan agreement was extended from June 2013 to March 2014 and the size was reduced from EUR 750 million to EUR 600 million. In March 2013 NSN issued EUR 450 million of 6.75% Senior Notes due April 2018 and EUR 350 million of 7.125% Senior Notes due April 2020. The net proceeds, EUR 779 million, from the bond issuance were used to prepay EUR 600 million Bank term loan and EUR 50 million of the EUR EIB R&D loan in March 2013, and the remaining proceeds are to be used for general corporate purposes.

Of the NSN EUR Finnish Pension Loan, EUR EIB R&D Loan and EUR Nordic Investment Bank Loan, EUR 44 million, EUR 25 million and EUR 16 million, respectively, are included in current maturities as of December 31, 2013.

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The following table below is an undiscounted cash flow analysis for both financial liabilities and financial assets that are presented on the consolidated statement of financial position, and off-balance sheet instruments such as loan commitments according to their remaining contractual maturity. The line-by-line analysis does not directly reconcile with the consolidated statement of financial position.

At December 31, 2013	Total amount	Due within 3 months EURm	Due between 3 and 12 months EURm	Due between 1 and 3 years EURm	Due between 3 and 5 years EURm	Due beyond 5 years EURm
Non-current financial assets						
Long-term loans receivable	189	1	3	34	6	145
Current financial assets						
Current portion of long-term loans receivable	30	4	26	—	—	—
Short-term loans receivable	94	94	—	—	—	—
Investments at fair value through profit and loss	478	1	5	261	9	202
Available-for-sale investment	4 935	4 392	253	290	—	—
Cash	3 676	3 676	—	—	—	—
Cash flows related to derivative financial assets net settled:						
Derivative contracts—receipts	(3)	39	(11)	13	13	(57)
Cash flows related to derivative financial assets gross settled:						
Derivative contracts—receipts	6 985	5 835	699	39	39	373
Derivative contracts—payments	(6 853)	(5 776)	(659)	(18)	(18)	(382)
Accounts receivable[1]	2 286	1 722	564	—	—	—
Non-current financial liabilities						
Long-term liabilities	(4 894)	(35)	(161)	(561)	(1 505)	(2 632)
Current financial liabilities						
Current portion of long-term loans(2)	(3 431)	(1 844)	(1 587)	—	—	—
Short-term liabilities	(185)	(185)	—	—	—	—
Cash flows related to derivative financial liabilities net settled:						
Derivative contracts—payments	62	—	3	5	5	49
Cash flows related to derivative financial liabilities gross settled:						
Derivative contracts—receipts	3 301	3 146	155	—	—	—
Derivative contracts—payments	(3 311)	(3 155)	(156)	—	—	—
Accounts payable	(1 842)	(1 704)	(138)	—	—	—
Contingent financial assets and liabilities						
Loan commitments given undrawn[3]	(25)	(7)	(13)	(5)	—	—
Loan commitments obtained undrawn[4]	2 227	(4)	(10)	2 241	—	—

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At December 31, 2012	Total amount	Due within 3 months EURm	Due between 3 and 12 months EURm	Due between 1 and 3 years EURm	Due between 3 and 5 years EURm	Due beyond 5 years EURm
Non-current financial assets						
Long-term loans receivable	217	1	2	46	37	131
Current financial assets						
Current portion of long-term loans receivable	40	12	28	—	—	—
Short-term loans receivable	1	1	—	—	—	—
Investments at fair value through profit and loss	493	1	5	11	260	216
Available-for-sale investment	6 008	5 782	119	82	25	—
Cash	3 504	3 504	—	—	—	—
Cash flows related to derivative financial assets net settled:						
Derivative contracts—receipts	240	78	(30)	86	25	81
Cash flows related to derivative financial assets gross settled:						
Derivative contracts—receipts	13 864	10 299	3 072	41	41	411
Derivative contracts—payments	(13 596)	(10 212)	(2 959)	(17)	(17)	(391)
Accounts receivable(1)	4 579	3 952	615	12	—	—
Non-current financial liabilities						
Long-term liabilities	(6 642)	(111)	(163)	(2 933)	(1 123)	(2 312)
Current financial liabilities						
Current portion of long-term loans	(216)	(83)	(133)	—	—	—
Short-term liabilities	(262)	(207)	(55)	—	—	—
Cash flows related to derivative financial liabilities net settled:						
Derivative contracts—payments	(99)	(2)	(3)	(7)	(7)	(80)
Cash flows related to derivative financial liabilities gross settled:						
Derivative contracts—receipts	7 966	6 964	889	113	—	—
Derivative contracts—payments	(8 016)	(6 999)	(903)	(114)	—	—
Accounts payable	(4 394)	(4 241)	(136)	(17)	—	—
Contingent financial assets and liabilities						
Loan commitments given undrawn(3)	(34)	(28)	(6)	—	—	—
Loan commitments obtained undrawn(4)	2 261	46	(11)	727	1 499	—

(1) Accounts receivable maturity analysis does not include receivables accounted for based on the percentage of completion method of EUR 615 million (EUR 972 million in 2012).

(2) The maturity bucket presented for EUR Convertible Bonds (total of EUR 1 500 million maturing 2018-2020) is based on the bonds being redeemed at par plus accrued interest at the close of the Sale of the D&S Business.

(3) Loan commitments given undrawn have been included in the earliest period in which they could be drawn or called.

(4) Loan commitments obtained undrawn have been included based on the period in which they expire. These amounts include related commitment fees.

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Hazard risk

Nokia strives to ensure that all financial, reputation and other losses to the Group and our customers are managed through preventive risk management measures. Insurance is purchased for risks which cannot be efficiently internally managed and where insurance markets offer acceptable terms and conditions. The objective is to ensure that hazard risks, whether related to physical assets (e.g. buildings), intellectual assets (e.g. Nokia brand) or potential liabilities (e.g. product liability), are optimally insured taking into account both cost and retention levels.

Nokia purchases both annual insurance policies for specific risks as well as multiline and/or multiyear insurance policies, where available.

36 Subsequent events

Subsequent Events

On April 25, 2014 Nokia completed the sale of substantially all of its Devices & Services business to Microsoft. The transaction was subject to potential purchase price adjustments. At closing, the agreed transaction price of EUR 5.44 billion was increased by approximately EUR 170 million as a result of the estimated adjustments made for net working capital and cash earnings. However this adjustment is based on an estimate which will be finalized when the final cash earnings and net working capital numbers are expected to be available during the second quarter 2014.

Nokia expects to book a gain on sale of approximately EUR 3.0 billion from the transaction. As a result of the gain, Nokia expects to record tax expenses of approximately EUR 180 million.

Additionally, as is customary for transactions of this size, scale and complexity, Nokia and Microsoft made certain adjustments to the scope of the assets originally planned to transfer. These adjustments have no impact on the material deal terms of the transaction and Nokia will be materially compensated for any retained liabilities.

In India, our manufacturing facility remains part of Nokia following the closing of the transaction. Nokia and Microsoft have entered into a service agreement whereby Nokia would produce mobile devices for Microsoft. In the Republic of Korea, Nokia and Microsoft agreed to exclude the Masan facility from the scope of the transaction and Nokia is taking steps to close the facility, which employs approximately 200 people. Altogether, and accounting for these adjustments, approximately 25 000 employees transferred to Microsoft at the closing.

The EUR 1.5 billion convertible bonds issued by Nokia to Microsoft following the announcement of the transaction have been redeemed and netted against the deal proceeds by the amount of principal and accrued interest.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NOKIA CORPORATION

By:	/s/ KRISTIAN PULLOLA
Name:	Kristian Pullola
Title:	Senior Vice President, Corporate Controller
By:	/s/ RIIKKA TIEAHO
Name:	Riikka Tieaho
Title:	Vice President, Corporate Legal

April 30, 2014